

348
No. 15630

United States
Court of Appeals
for the Ninth Circuit

AMERICAN PIPE AND CONSTRUCTION CO.
Appellant,

vs.

SPENCER A. EARNSHAW, Appellee.

Transcript of Record

In Two Volumes

VOLUME I.

(Pages 1 to 244, inclusive)

Appeal from the United States District Court for the
Southern District of California,
Central Division

FILED

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PAUL P. DUBOIS, CLERK

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italic; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in italic the two words between which the omission seems to occur.]

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Los Angeles 13, California,

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804 Financial Center Building,
Los Angeles 14, California. [1]*

* Page numbers appearing at bottom of page of Original Transcript of Record.

In the United States District Court, Southern
District of California, Central Division

Civil Action No. 20040Y

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation of Delaware, Petitioner,

vs.

SPENCER A. EARNSHAW, Respondent.

PETITION FOR REMOVAL

Your petitioner American Pipe and Construction Co., a corporation of Delaware, respectfully shows:

1. That on the 7th day of June, 1956, an action was commenced against petitioner in the Superior Court of the State of California in and for the County of Los Angeles, entitled Spencer A. Earnshaw, plaintiff, vs. American Pipe and Construction Co., a corporation, defendant, No. 661,609, by the service upon petitioner of a summons and complaint, true and correct copies of which are annexed hereto and filed herewith; that said summons and complaint were served upon petitioner on the 8th day of June, 1956. No further proceedings have been had therein.

2. The above described action is a civil action of which this Court has original jurisdiction under the provisions of Title 28 United States Code, Section 1332, and is one which may be [2] removed to this Court by the petitioner, defendant therein, pursuant

to the provisions of Title 28 United States Code, Section 1441, in that the matter in controversy in said action exceeds the sum or value of Three Thousand Dollars (\$3,000.00) exclusive of interest and costs, and is between citizens of different states, to wit, the plaintiff in said action is a citizen of the State of California, and the defendant in that action is a corporation organized and existing under and by virtue of the laws of the State of Delaware, and is a citizen and resident of that state.

3. Petitioner points out to the Court that in the complaint paragraph I thereof it is alleged:

“That at all times herein mentioned defendant American Pipe And Construction Co. was and now is a corporation organized and existing under and by virtue of the laws of the State of Delaware.”

Also in the complaint the plaintiff alleges that there is now “due, owing and unpaid to plaintiff for royalties under said agreement the sum of \$125,000.00, no part of which has been paid.” That further in the complaint there is a prayer for judgment against defendant for the sum of \$125,000.00 or whatever sum the Court finds due plaintiff. Therefore, petitioner alleges to the Court that the action is between citizens of different states and that the matter in controversy exceeds the sum or value of \$3,000.00 exclusive of interest and costs.

4. Petitioner files herewith a bond with good and sufficient surety conditioned, as provided by Title 28 United States Code, Section 1446(d) that it will

pay all costs and disbursements incurred by reason of the removal proceedings hereby brought should it be determined that this action is not removable or is improperly removed.

Wherefore, petitioner prays that the above action now [3] pending against it in the Superior Court in and for the County of Los Angeles, State of California, be removed therefrom to this Court.

HILL, FARRER & BURRILL,

/s/ By FRANK D. MacDOWELL,

MELLIN, HANSCOM, & HURSH

/s/ By OSCAR A. MELLIN,

Attorneys for Petitioner. [4]

Duly Verified. [5]

In the Superior Court of the State of California
in and for the County of Los Angeles

No. 661609

SPENCER A. EARNSHAW, Plaintiff,

vs.

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation, Defendant.

SUMMONS

The people of the State of California send Greetings to: American Pipe And Construction Co.,
a corporation, Defendant.

You are directed to appear in an action brought

against you by the above named plaintiff in the Superior Court of the State of California, in and for the County of Los Angeles, and to answer the Complaint therein within ten days after the service on you of this Summons, if served within the County of Los Angeles, or within thirty days if served elsewhere and you are notified that unless you appear and answer as above required, the plaintiff will take judgment for any money or damages demanded in the Complaint, as arising upon contract, or will apply to the Court for any other relief demanded in the Complaint.

[Seal] HAROLD J. OSTLY,
County Clerk and Clerk of the Superior Court of
the State of California, in and for the County
of Los Angeles.

By M. W. NELSON,
Deputy. [6]

[Title of Superior Court and Cause.]

COMPLAINT

[Money Due for Royalties Under Contract]

Plaintiff complains of defendant above named,
and alleges:

I.

That at all times herein mentioned defendant American Pipe and Construction Co. was and now is a corporation organized and existing under and by virtue of the laws of the State of Delaware. That

on or about May 6, 1929 said corporation qualified to do business in California, and ever since said date has been qualified to and has been carrying on and conducting business in the State of California. That the name and address of the designated agent for the service of process is Theodore Sirene, 510 South Spring Street, Los Angeles 13, California.

II.

That on or about February 8, 1944, plaintiff was the sole owner of United States patent No. 2168329 issued August 8, 1939 for a plastering machine and method. That on or about February 8, 1944 [7] plaintiff and defendant entered into a written option agreement, a copy of which is attached hereto and made a part hereof, the same as if specifically set forth herein, and marked Exhibit "A".

III.

That under the terms of said agreement plaintiff granted to defendant, and defendant accepted said grant for a period of six months from February 8, 1944 of an option to make use of said patent in consideration of the sum of \$200.00, which was paid by defendant to plaintiff.

IV.

Said agreement further provided that if before the expiration of said six months option defendant should notify plaintiff that it exercised said option, that plaintiff then granted to defendant the exclusive license to use patented devices and methods

covered by said patent throughout the United States and territories and possessions of the United States in the manufacture and/or coating, and/or lining of pipe made of any material during the remaining life of said patent, except coating of pipe that had been installed in buildings, ships, refineries or other plants for the circulation of any liquids or other commodities.

V.

That thereafter, on or about July 28, 1944, defendant in writing exercised said option, a copy of said writing being attached hereto, made a part hereof, and marked Exhibit "B".

VI.

That said agreement further provided that in the event defendant exercised said option, that it would pay to plaintiff one-fifth of one cent per square foot of coating or lining applied in accordance with Earnshaw's patents to the inside or the outside of pipe of any material manufactured by defendant, its subsidiaries or assigns during the remainder of the life of said patent. That said patent is still in full force and effect. [8]

VII.

Said agreement further provides that in the event defendant exercised said option, it agreed during the life of said option agreement to diligently promote and endeavor to sell pipe made in accordance with the processes and methods of said patent. That on or about February 26, 1951, by mutual written

agreement the option agreement of February 8, 1944 was modified by changing the royalty mentioned therein from one-fifth of one cent per square foot, to two-fifths of one cent per square foot, and to increase the minimum royalty mentioned in Paragraph (9) of said agreement from \$25.00 per month to \$50.00 per month, the increase in royalty to become effective as of March 1, 1951. That said agreement further provides that if either plaintiff or defendant invents any improvements on the processes and the methods of patent No. 2168329 which in the judgment of defendant are applicable to the manufacture or lining or coating of pipe, that said improvements shall inure to the benefit of both parties on the terms set forth in said agreement, and that defendant would pay the costs of patenting the same. That plaintiff invented and received patents on improvements to the processes and methods of said patent, but defendant did not pay the costs of patenting same, although defendant has had the use and benefit thereof.

VIII.

That during the entire time said agreement of February 8, 1944 has been in effect, said defendant has never paid any royalties to plaintiff other than the minimum royalties as provided in said agreement, although plaintiff is informed and believes and therefore alleges that said defendant has continuously coated and/or lined and applied to the inside or outside of pipe of material manufactured by defendant and its subsidiaries and/or assigns,

and is still coating and lining same by using the methods and process covered by plaintiffs patents. That plaintiff is informed and believes and therefore alleges that there is now due, owing and unpaid to plaintiff [9] for royalties under said agreement the sum of \$125,000.00, no part of which has been paid. Plaintiff asks leave of court to amend the complaint to increase said sum should it develop from the evidence that there is a greater sum than \$125,000.00 due and payable to plaintiff.

IX.

That said agreement further provides that during the life thereof plaintiff, or his accredited representative, will have the right to examine the books and accounts of defendant at reasonable hours in order to check the calculation of royalties due plaintiff under said agreement. That plaintiff has heretofore on numerous occasion requested defendant to pay the royalties due him and make an accounting as to royalties, but that defendant has failed and refused to do so, and has notified plaintiff that there is nothing due him, and that plaintiff does not know, and is unable to allege, the exact amount of royalties and sums due him from defendant, but the exact amount thereof is known to defendant.

X.

Plaintiff has performed all of the terms, conditions and provisions to be performed by him under the terms of said agreement, but that said defendant has failed and refused to perform said agreement

in that it has failed to render an accounting to plaintiff, or to allow him or his accredited representative to inspect the books and records, and has failed and refused to pay any royalties other than the minimum.

Wherefore, plaintiff prays judgment against defendant as follows:

(1) For the sum of \$125,000.00, or whatever sum the court finds due plaintiff under the terms of said agreement;

(2) For interest thereon from the date same became due and payable; [10]

(3) For an accounting to determine the number of square feet of coating or lining applied by defendant to the inside or outside of pipe, or by its subsidiaries or assigns, under said agreement, and the amount due plaintiff by reason thereof;

(4) For costs of suit; and

(5) For any other and further relief to which plaintiff may be entitled. [11]

J. MARION WRIGHT,
Attorney for Plaintiff.

EXHIBIT "A"

OPTION AGREEMENT

This Agreement, made and entered into this 8th day of February, 1944, by and between Spencer A. Earnshaw, 143 East 77th Street, Los Angeles, California, hereinafter called "Earnshaw", and the American Pipe And Construction Co., a Delaware

corporation with principal offices located at 4635 Firestone Boulevard, South Gate, California, hereinafter called "American",

Witnesseth:

(1) Whereas, Earnshaw is the sole owner of a United States Patent, No. 2168329, issued August 8, 1939, for a plastering machine and method, and

(2) Whereas, American is desirous of experimenting and testing the methods and apparatus controlled by the said patent in the manufacture and/or lining and/or coating of pipe made of any material,

(3) Now Therefore, it is agreed by and between the parties hereto that Earnshaw grants to American, and American accepts the said grant, for a period of six (6) months from date hereof, of an option to make use of the said patent, all in consideration of the sum of Two Hundred Dollars (\$200.00) paid by American to Earnshaw, the receipt of which is hereby acknowledged, and such royalties as may accrue within that time as provided in Paragraph 7 hereof.

(4) If, on or before the expiration of the six (6) months' option, American should notify Earnshaw by registered letter to his last known address that American will exercise the option herein contained, Earnshaw hereby grants to American the exclusive license to use patented devices and methods covered by said patent throughout the United States and territories and possessions of the United States in the manufacture and/or coating and/or lining of

pipe made of any material during the remaining life of the said patent, except coating of pipe that has been installed in buildings, ships, refineries or other plants for the circulation of any liquids or other commodities. [12]

(5) Earnshaw retains all other rights to the use of the patented devices and methods for any other purposes than the ones specifically conveyed to American in Paragraph 4.

(6) In the event American exercises the option as stated above, American agrees to pay to Earnshaw, and Earnshaw agrees to accept, one-fifth ($1/5$ th) of one cent (1¢) per square foot of coating or lining, in accordance with Earnshaw's patents, applied to the inside or outside of pipe of any material manufactured by American, its subsidiaries or assigns during the remainder of the life of the said patent (Patent No. 2168329).

(7) In the event American uses the said patents in the manufacture, or lining, or coating of any pipe for commercial purposes or sale during the six months' option period, American agrees to pay to Earnshaw a royalty on the foregoing basis of one-fifth ($1/5$ th) of one cent (1¢) per square foot.

(8) All royalties shall be payable on the fifteenth of the month for all royalty earned during the preceding month.

(9) In the event American exercises its option, then in that event, American agrees during the life of this agreement to pay a minimum royalty of Twenty-Five Dollars (\$25.00) per month, payable quarterly, but the said payment shall be a full credit

to American on earned royalty as the said earned royalty becomes due and payable. If the American fails to pay any quarterly minimum at the time when royalties for said quarter are due under said License Agreement, Earnshaw may at his option give written notice to American that unless such minimum is paid within ninety (90) days from service of such notice the License Agreement will become cancelled and thereupon if such minimum payment is not made within said ninety (90) days, such License Agreement shall therefore be cancelled and at end without other or further act on the part of Earnshaw. [13]

(10) During the life of this agreement, Earnshaw or his accredited representative will have the right to examine the books and accounts of American, at reasonable hours, in order to check the calculation of royalties due Earnshaw hereunder.

(11) If either American or Earnshaw invents any improvements to the processes and methods of Patent No. 2168329 which, in the judgment of American are applicable to the manufacture, or lining, or coating of pipe, the said improvements shall inure to the benefit of both parties, on the terms herein set forth, and American will pay the costs of patenting the same.

(12) It is understood by both parties hereto that American is now using a brush coating machine for the coating of pipe and a centrifugal process for lining pipe, and it is further understood that American is at liberty to continue to use the said processes

and/or the processes and methods of Patent No. 2168329 at its option. Improvements or patents applicable to the said brush coating machine and/or centrifugal lining process are expressly excluded from the provisions of Paragraph 11 hereof. The improvements and additional patents referred to in Paragraph 11 shall include only such improvements and patents as refer to and are applicable to Patent No. 2168329, a belt lining machine.

(13) In the event American exercises its option, then in that event, American agrees during the life of this agreement to diligently promote and endeavor to sell pipe made in accordance with the processes and methods of Patent No. 2168329, and in the event American fails so to do this License Agreement will be null and void and the same will be cancelled by mutual consent written thereon.

(14) If American elects not to exercise the option on or before the expiration of six (6) months from the date hereof, this agreement will be null and void and American will have no claim whatsoever upon the use of the patent. [14]

In Witness Whereof, each of the parties hereto have caused these presents to be executed the day and year first above written. [15]

SPENCER A. EARNSHAW
AMERICAN PIPE AND CONSTRUCTION CO.

By H. H. JENKINS,
Vice President.
By J. M. MacADAM,
Secretary.

EXHIBIT "B"

[Letterhead of American Pipe and Construction Co.]

July 28, 1944

Mr. Spencer A. Earnshaw,
143 East 77th Street,
Los Angeles 3, California.

Dear Sir:

In accordance with the "Option Agreement" entered into by you and the undersigned corporation on the date of February 8, 1944 and in especial accordance with the provisions of Paragraph Nine (9) thereof, we now exercise our option, as stated in the said agreement.

We therefore enclose our check for \$37.07 to pay the minimum royalty provided for in the said agreement, for the period from August 8, 1944 to November 8, 1944. The said minimum royalty is \$75.00 for the said period, less \$37.93, the agreed payment for an electric motor sold by us to you on July 14, 1944.

Very truly yours,

AMERICAN PIPE AND CONSTRUCTION CO.

By J. M. MacADAM,
Secretary.

JMM:al

Enclosure-1 (Check)

[Endorsed]: Filed June 13, 1956.

In The United States District Court, Southern
District of California, Central Division

Civil Action No. 20040Y

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation of Delaware, Petitioner,

vs.

SPENCER A. EARNSHAW, Respondent.

NOTICE

To Spencer A. Earnshaw and to J. Marion Wright,
His Attorney;

You and Each of You Are Hereby Notified that
on this day of June 13, 1956, we have filed in the
United States District Court, Southern District of
California, Central Division, a Petition For Re-
moval accompanied by a bond all as required by the
Federal Rules of Civil Procedure, copies of which
Petition For Removal and bond are attached hereto
and form a part hereof.

HILL, FARRER & BURRILL,
/s/ By FRANK D. MacDOWELL,

MELLIN, HANSCOM & HURSH,
/s/ By OSCAR A. MELLIN,
Attorneys for Petitioner. [17]

[Title of District Court and Cause.]

BOND ON REMOVAL

Know All Men By These Presents: That the Hartford Accident and Indemnity Company, a corporation duly organized and existing under the laws of the State of Connecticut and authorized to transact business in the State of California, is held and firmly bound unto the above named Plaintiff, in the sum of Five Hundred and No/100 (\$500.00) Dollars, for which payment well and truly to be made it binds itself, its successors and assigns, jointly and severally, firmly by these presents;

Whereas, the above plaintiff has commenced in an action and issued summons therein in the Superior Court of the State of California in and for the County of Los Angeles, against the above named defendants; and

Whereas, the defendant American Pipe and Construction Co., a Corporation, has filed its petition for the removal of said action from said Superior Court to this District Court of the United States, pursuant to the provisions of 28 U.S.C.A. #1446.

Now Therefore, the undersigned, Hartford Accident and Indemnity Company, a corporation, organized and existing under the laws of the State of Connecticut and authorized to transact surety business in the State of California, in a consideration of the premises and in compliance with 28 U.S.C.A. #1446, does undertake in the sum of Five Hundred and No/100 (\$500.00) Dollars, and promises to the effect that in should it be determined that

the aforesaid action was not removable or was improperly removed from said Superior Court to this District Court of the United States, said Hartford Accident and Indemnity Company will pay all costs and disbursements incurred by reason of said removal proceedings.

Signed, Sealed and Dated this 12th day of June, 1956.

HARTFORD ACCIDENT &
INDEMNITY COMPANY,

By V. J. KLAUS,
Attorney-in-Fact.

State of California,
County of Los Angeles—ss.

On this 12th day of June, in the year 1956, before me, Marietta Jenkins, a Notary Public in and for said County, residing therein, duly commissioned and sworn, personally appeared V. J. Klaus, known to me to be the Attorney-in-Fact of the Hartford Accident and Indemnity Company, the Corporation described in and that executed the within instrument, and also known to me to be the person—who executed it on behalf of the Corporation therein named, and—he acknowledged to me that such Corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

[Seal] MARIETTA JENKINS,
Notary Public in and for the County of Los Ange-

les, State of California. My Commission Expires
March 2, 1959. [33]

Acknowledgment of Service Attached. [34]

[Endorsed]: Filed June 13, 1956.

[Title of District Court and Cause.]

DEFENDANT'S ANSWER TO COMPLAINT
AND DEFENDANT'S CROSS-COMPLAINT

Comes Now American Pipe and Construction Co., defendant above named, and in answer to the Complaint on file herein, admits, denies and alleges as follows:

I.

Answering paragraph I of the Complaint, defendant, American Pipe and Construction Co., admits the allegations thereof.

II.

Answering paragraph II of the Complaint, defendant, [35] American Pipe and Construction Co., admits that alleged United States Letters Patent No. 2,168,329 issued on August 8, 1939; admits that defendant and plaintiff entered into a written agreement, a copy of which is attached to the Complaint and made a part thereof and marked "Exhibit A"; and except for those things expressly admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph II contained.

III.

Answering paragraph III of the Complaint, defendant, American Pipe and Construction Co., admits that pursuant to the terms of said agreement "Exhibit A" to the Complaint, defendant paid to the plaintiff the sum of \$200.00; and except for those things expressly admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph III contained.

IV.

Answering paragraph IV of the Complaint, defendant, American Pipe and Construction Co., admits that by the agreement marked "Exhibit A" to the Complaint, plaintiff granted to defendant certain licenses, as is expressly provided by said agreement marked "Exhibit A"; and except for those things expressly admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph IV contained.

V.

Answering paragraph V of the Complaint, defendant, [36] American Pipe and Construction Co., admits that on or about July 28, 1944, defendant, in writing, exercised an option set out and specified in the agreement marked "Exhibit A" attached to the Complaint, and that a copy of said writing is attached to the Complaint and made a part thereof and marked "Exhibit B"; and except for those things expressly admitted or denied herein, defendant, both generally and specifically, denies

each and every allegation in paragraph V contained.

VI.

Answering paragraph VI of the Complaint, defendant, American Pipe and Construction Co., admits that said agreement marked "Exhibit A" and attached to the Complaint provided for royalty payments to plaintiff as set forth in paragraph (6) of said agreement marked "Exhibit A" and attached to the Complaint; defendant alleges that plaintiff's patent No. 2,168,329 expired at the end of the day of August 7, 1956; and except for those matters expressly admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph VI contained.

VII.

Answering paragraph VII of the Complaint, defendant, American Pipe and Construction Co., admits that the agreement marked "Exhibit A" to the Complaint in paragraph (13) provides as follows:

"In the event American exercises its option, then in that event, American agrees during the life of this agreement to diligently promote and endeavor to sell pipe made in accordance with the processes and [37] methods of Patent No. 2168329, and in the event American fails so to do this License Agreement will be null and void and the same will be cancelled by mutual consent written thereon."

Defendant admits that the agreement marked "Exhibit A" to the Complaint was modified by

changing the royalty mentioned therein from one-fifth ($1/5$ th) of one cent (1c) per square foot, to two-fifths ($2/5$ ths) of one cent (1c) per square foot, and to increase the minimum royalty specified in paragraph (9) of said agreement from \$25.00 per month to \$50.00 per month, the increase in royalty to become effective as of March 1, 1951, but defendant, American Pipe and Construction Co., alleges that said changes in said agreement were made without consideration passing to defendant, American Pipe and Construction Co.

Defendant, American Pipe and Construction Co., further admits that said agreement marked "Exhibit A" to the Complaint provides in paragraph (11) thereof as follows:

"If either American or Earnshaw invents any improvements to the processes and methods of Patent No. 2168329 which, in the judgment of American are applicable to the manufacture, or lining, or coating of pipe, the said improvements shall inure to the benefit of both parties, on the terms herein set forth, and American will pay the costs of patenting the same."

Defendant, American Pipe and Construction Co., specifically denies that plaintiff invented and received patents on improvements to the processes and methods of said patent [38] No. 2,168,329; defendant further specifically denies that it has had the use and benefit of any invention or improvements, patented, unpatented or otherwise, belonging to plaintiff; and except for those things specifically admitted or denied herein, defendant, both

generally and specifically, denies each and every allegation in paragraph VII contained.

VIII.

Answering paragraph VIII of the Complaint, defendant, American Pipe and Construction Co., admits that it has not paid royalties to plaintiff other than the minimum royalties as provided for in said agreement. Defendant specifically denies that it has continuously, or otherwise, coated and/or lined and applied to the inside or outside of pipe of material manufactured by defendant and its subsidiaries and/or assigns, and is still coating and lining the same, by any process or apparatus coming within the scope of any patents owned or controlled by plaintiff, including patents Nos. 2,168,329, 2,639,943, 2,681,725 and 2,639,942.

Defendant, American Pipe and Construction Co., further specifically denies that there is now due, owing and unpaid to plaintiff for royalties under said agreement the sum of \$125,000.00, or any sum.

Except for those matters specifically admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph VIII contained.

IX.

Answering paragraph IX of the Complaint, defendant, American Pipe and Construction Co., admits that the agreement marked "Exhibit A" to the Complaint provides in paragraph (10) [39] thereof as follows:

“During the life of this agreement, Earnshaw or his accredited representative will have the right to examine the books and accounts of American, at reasonable hours, in order to check the calculation of royalties due Earnshaw hereunder.”

Except for those matters specifically admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph IX contained.

X.

Answering paragraph X of the Complaint, defendant, American Pipe and Construction Co., admits that it has not paid royalties under the terms of the agreement marked “Exhibit A” to the Complaint, other than the minimum royalties provided for thereby for the reason that defendant has not manufactured, sold or used any of the things alleged to be patented in and by patent No. 2,168,329; and except for those matters and things specifically admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph X contained.

XI.

For further answer to the Complaint, defendant, American Pipe and Construction Co., alleges that it has performed all of the terms, conditions and provisions to be performed by it under the terms of said agreement marked “Exhibit A” to the Complaint. [40]

XII.

Defendant, American Pipe and Construction Co., alleges that at no time has it, its subsidiaries or assigns, or anyone acting for it or them, manufactured, sold or used any device or machine coming within the scope of any of the claims of Letters Patent No. 2,168,329.

XIII.

Further answering the Complaint, defendant, American Pipe and Construction Co., alleges that at no time has it, its subsidiaries or assigns, or anyone acting for them, manufactured, sold or used any device coming within the scope of any of the claims of plaintiff's alleged patents on alleged improvements to the processes and methods of patent No. 2,168,329, which patents are identified as patents Nos. 2,638,942, 2,639,943 and 2,681,725; and defendant further alleges that said three patents last identified are not patents on improvements to the processes and methods of said patent No. 2,168,329.

XIV.

Further answering the Complaint, defendant, American Pipe and Construction Co., alleges that plaintiff's alleged patents Nos. 2,639,942, 2,639,943 and 2,681,725 are not within the scope of the agreement marked "Exhibit A" to the Complaint, and defendant at no time was granted any license thereunder by reason of said agreement marked "Exhibit A" to the Complaint.

XV.

Further answering the Complaint, defendant, American Pipe and Construction Co., alleges that said patents Nos. [41] 2,168,329, 2,639,942, 2,639,943 and 2,681,725 and all the claims thereof are invalid in law in that:

(a) they do not disclose patentable inventions in view of the prior art existing at the time of the making of the alleged inventions disclosed therein;

(b) the inventions disclosed in said patents were fully anticipated by and were not patentable in view of the disclosures of prior United States and foreign patents and printed publications, the names, dates and numbers of which are not at this time known to defendant, but which defendant asks leave to insert herein by amendment when they are determined;

(c) the claims of said patents are vague and indefinite and do not define the alleged inventions of the patents in compliance with the statutory requirements of patent claims;

(d) the inventor named in each of said Letters Patent was not the first or any inventor of the things claimed as inventions in said patents;

(e) the said Letters Patent were improvidently and illegally granted by the United States Patent Office because the latter failed to locate or consider the prior art most pertinent to the disclosures of said patents;

(f) the claims of said patents are for unpatentable aggregations and not for patentable combinations;

(g) because of the proceedings had in the United States Patent Office during the prosecution of the applications which resulted in the issuance of said patents, the patentee is now estopped from contending for such a construction of said claims as would encompass any devices or machines which may have been manufactured, sold or used by defendant. [42]

XVI.

Further answering the Complaint, defendant, American Pipe and Construction Co., alleges that said agreement of February 8, 1944, marked "Exhibit A" to the Complaint, terminated by operation of law on August 7, 1956, and is no longer of any force and effect.

CROSS-COMPLAINT

Comes Now cross-complainant, American Pipe and Construction Co., and for cause of action against cross-defendant, Spencer A. Earnshaw, alleges as follows:

I.

Cross-complainant, American Pipe and Construction Co., is a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and has a place of business at South Gate, County of Los Angeles, State of California.

II.

Cross-defendant, Spencer A. Earnshaw, is an individual and a resident of Los Angeles, County of Los Angeles, State of California.

III.

The Court has jurisdiction of this cross-complaint because the same is founded upon the patent laws of the United States concerning the scope and validity of Letters Patent of the United States owned by cross-defendant and the question of the validity and the infringement thereof by acts of the [43] cross-complainant. Jurisdiction is also conferred by Section 2201 of Title 28 of United States Code. Jurisdiction is also conferred by diversity of citizenship of the parties, and the amount in controversy is in excess of \$3000.00, exclusive of interest.

IV.

That on or about February 8, 1944, cross-defendant did, by reason of an agreement in writing, grant certain licenses and privileges to cross-complainant under Letters Patent of the United States No. 2,168,329.

V.

Cross-complainant has performed all of the terms, conditions and provisions to be performed by it under the terms of said agreement.

VI.

Cross-complainant, its subsidiaries or assigns, did not at any time manufacture, sell or use any device or machine coming within the scope of said Letters Patent No. 2,168,329.

VII.

Cross-defendant has charged that cross-complainant, its subsidiaries or assigns, has, during the ex-

istence of said agreement, either manufactured, sold or used devices or machines coming within the scope of said Letters Patent No. 2,168,329, and has demanded royalties from cross-complainant for such acts. [44]

VIII.

That said agreement of February 8, 1944, by its terms, terminated with the expiration of said Letters Patent No. 2,168,329, which expiration of the patent occurred on August 7, 1956.

IX.

That cross-complainant notified cross-defendant of said expiration of the agreement and the fact that minimum royalties would terminate because of the termination of said agreement.

X.

That cross-defendant has denied that said agreement terminated and is demanding further royalties or payments from cross-complainant allegedly under the terms of said agreement.

XI.

That the basis of said demand on the part of cross-defendant is that cross-defendant allegedly owns three United States patents identified as Nos. 2,639,942, 2,639,943 and 2,681,725, and charges that said patents were contemplated by said agreement of February 8, 1944 and that cross-complainant, its subsidiaries or assigns, has manufactured, sold or used devices or machines coming within the scope

of said patents and is, therefore, obligated under the terms of said agreement to pay to cross-defendant royalties thereon in accordance with the agreement of February 8, 1944, and that said agreement endures to the expiration date of the last expiring of said three Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725. [45]

XII.

Cross-complainant alleges that said patents were not contemplated by said agreement of February 8, 1944, and that cross-complainant at no time was a licensee under said patents.

XIII.

Cross-complainant alleges that cross-complainant, its subsidiaries or assigns, did not at any time manufacture, use or sell any devices or machines coming within the scope of said Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725 and has committed no acts of infringement thereof.

XIV.

That therefore there is a justiciable controversy as between cross-complainant and cross-defendant as to:

(a) the termination of the license agreement of February 8, 1944;

(b) whether or not there were any royalties due to cross-defendant by cross-complainant because of the manufacture, sale or use by cross-complainant of any devices or machines coming within the scope of United States Letters Patent No. 2,168,329;

(c) whether or not Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725 were contemplated by and come within the scope of the agreement of February 8, 1944;

(d) whether or not cross-complainant has committed any acts of infringement of United States Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725;

(e) whether or not the claim of United States Letters Patents Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725 are valid. [46]

XV.

Cross-complainant alleges that said United States Letters Patent Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725 are invalid in law in that:

(a) they do not disclose patentable inventions in view of the prior art existing at the time of the making of the alleged inventions disclosed therein;

(b) the inventions disclosed in said patents were fully anticipated by and were not patentable in view of the disclosures of prior United States and foreign patents and printed publications, the names, dates and numbers of which are not at this time known to cross-complainant, but which cross-complainant asks leave to insert herein by amendment when they are determined;

(c) the claims of said patents are vague and indefinite and do not define the alleged inventions of the patents in compliance with the statutory requirements of patent claims;

(d) the inventor named in each of said Letters Patent was not the first or any inventor of the things claimed as inventions in said patents;

(e) the said Letters Patent were improvidently and illegally granted by the United States Patent Office because the latter failed to locate or consider the prior art most pertinent to the disclosures of said patents;

(f) the claims of said patents are for unpatentable aggregations and not for patentable combinations;

(g) because of the proceedings had in the United States Patent Office during the prosecution of the applications which resulted in the issuance of said patents, the patentee is now estopped from contending for such a construction of said claims as would encompass any devices or machines which may have been manufactured and sold by cross-complainant.

Wherefore defendant-cross-complainant prays:

1. That plaintiff take nothing by his Complaint, and that the same be dismissed with costs and attorneys' fees to defendant.

2. For a declaratory judgment adjudging:

- (a) that cross-complainant, its subsidiaries and assigns, have not manufactured, sold or used any devices or machines coming within the scope of any claims of Letters Patent No. 2,168,329;

- (b) that Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725 were not contemplated by and were not included within the scope of the agreement of

February 8, 1944 between cross-complainant and cross-defendant;

(c) that the agreement of February 8, 1944 by and between cross-complainant and cross-defendant expired with the expiration of Letters Patent No. 2,168,329 on August 7, 1956, and was thereafter of no further force or effect;

(d) that cross-complainant, its subsidiaries and assigns, committed no acts of infringement of Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725;

(e) that Letters Patent Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725 are invalid and unenforceable in law.

(f) that cross-complainant be awarded its costs and disbursements incurred, together with reasonable attorneys' fees, in this action.

3. For such further and different relief as to the Court may seem meet and just.

AMERICAN PIPE AND
CONSTRUCTION CO.,

/s/ By OSCAR A. MELLIN,
One of its attorneys. [48]

Affidavit of Service by Mail Attached. [49]

[Endorsed]: Filed Oct. 4, 1956.

In the United States District Court, Southern
District of California, Central Division

Civil Action No. 20040-Y

SPENCER A. EARNSHAW, Plaintiff,

vs.

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation, Defendant.

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation, Counterclaimant,

vs.

SPENCER A. EARNSHAW,
Counterclaim Defendant.

DEFENDANT'S FIRST AMENDED ANSWER
TO COMPLAINT AND DEFENDANT'S
FIRST AMENDED COUNTERCLAIM

Comes now American Pipe and Construction Co.,
defendant above named, and files this its first
amended answer to complaint, pursuant to Rule
15(a) of the Federal Rules of Civil Procedure, and
in answer to the Complaint on file herein, admits,
denies and alleges as follows: [61]

I.

Answering paragraph I of the Complaint, defend-
ant, American Pipe and Construction Co., admits
the allegations thereof.

II.

Answering paragraph II of the Complaint, defendant, American Pipe and Construction Co., admits that alleged United States Letters Patent No. 2,168,329 issued on August 8, 1939; admits that defendant and plaintiff entered into a written agreement, a copy of which is attached to the Complaint and made a part thereof and marked "Exhibit A"; and except for those things expressly admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph II contained.

III.

Answering paragraph III of the Complaint, defendant, American Pipe and Construction Co., admits that pursuant to the terms of said agreement "Exhibit A" to the Complaint, defendant paid to the plaintiff the sum of \$200.00; and except for those things expressly admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph III contained.

IV.

Answering paragraph IV of the Complaint, defendant, American Pipe and Construction Co., admits that by the agreement marked "Exhibit A" to the Complaint, plaintiff granted to defendant certain licenses, as is expressly provided by said agreement marked "Exhibit A"; and except for those things expressly admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph IV [62] contained.

V.

Answering paragraph V of the Complaint, defendant, American Pipe and Construction Co., admits that on or about July 28, 1944, defendant, in writing, exercised an option set out and specified in the agreement marked "Exhibit A" attached to the Complaint, and that a copy of said writing is attached to the Complaint and made a part thereof and marked "Exhibit B"; and except for those things expressly admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph V contained.

VI.

Answering paragraph VI of the Complaint, defendant, American Pipe and Construction Co., admits that said agreement marked "Exhibit A" and attached to the Complaint provided for royalty payments to plaintiff as set forth in paragraph (6) of said agreement marked "Exhibit A" and attached to the Complaint; defendant alleges that plaintiff's patent No. 2,168,329 expired at the end of the day of August 7, 1956; and except for those matters expressly admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph VI contained.

VII.

Answering paragraph VII of the Complaint, defendant, American Pipe and Construction Co., admits that the agreement marked "Exhibit A" to the Complaint in paragraph (13) provides as follows:

"In the event American exercises its option, then

in that event, American agrees during the life of this agreement to diligently promote and [63] endeavor to sell pipe made in accordance with the processes and methods of Patent No. 2,168,329, and in the event American fails so to do this License Agreement will be null and void and the same will be cancelled by mutual consent written thereon."

Defendant admits that the agreement marked "Exhibit A" to the Complaint was modified by changing the royalty mentioned therein from one-fifth ($1/5$ th) of one cent (1c) per square foot, to two-fifths ($2/5$ ths) of one cent (1c) per square foot, and to increase the minimum royalty specified in paragraph (9) of said agreement from \$25.00 per month to \$50.00 per month, the increase in royalty to become effective as of March 1, 1951, but defendant, American Pipe and Construction Co., alleges that said changes in said agreement were made without consideration passing to defendant, American Pipe and Construction Co.

Defendant, American Pipe and Construction Co., further admits that said agreement marked "Exhibit A" to the Complaint provides in paragraph (11) thereof as follows:

"If either American or Earnshaw invents any improvements to the processes and methods of Patent No. 2,168,329 which, in the judgment of American are applicable to the manufacture, or lining, or coating of pipe, the said improvements shall inure to the benefit of both parties, on the terms herein set forth, and American will pay the costs of patenting the same."

Defendant, American Pipe and Construction Co., specifically denies that plaintiff invented and received patents on improvements to the processes and methods of said patent No. 2,168,329; defendant further specifically denies that it has had the use and benefit of any inventions or improvements, patented, unpatented or [64] otherwise, belonging to plaintiff; and except for those things specifically admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph VII contained.

VIII.

Answering paragraph VIII of the Complaint, defendant, American Pipe and Construction Co., admits that it has not paid royalties to plaintiff other than the minimum royalties as provided for in said agreement. Defendant specifically denies that it has continuously, or otherwise, coated and/or lined and applied to the inside or outside of pipe of material manufactured by defendant and its subsidiaries and/or assigns, and is still coating and lining the same, by any process or apparatus coming within the scope of any patents owned or controlled by plaintiff, including patents Nos. 2,168,329, 2,639,943, 2,681,725 and 2,639,942.

Defendant, American Pipe and Construction Co., further specifically denies that there is now due, owing and unpaid to plaintiff for royalties under said agreement the sum of \$125,000.00, or any sum.

Except for those matters specifically admitted or denied herein, defendant, both generally and

specifically, denies each and every allegation in paragraph VIII contained.

IX.

Answering paragraph IX of the Complaint, defendant, American Pipe and Construction Co., admits that the agreement marked "Exhibit A" to the Complaint provides in paragraph (10) thereof as follows:

"During the life of this agreement, Earnshaw or his accredited representative will have the right to examine the books and accounts of American, [65] at reasonable hours, in order to check the calculation of royalties due Earnshaw hereunder."

Except for those matters specifically admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph IX contained.

X.

Answering paragraph X of the Complaint, defendant, American Pipe and Construction Co., admits that it has not paid royalties under the terms of the agreement marked "Exhibit A" to the Complaint, other than the minimum royalty provided for thereby for the reason that defendant has not manufactured, sold or used any of the things alleged to be patented in and by patent No. 2,168,329; and except for those matters and things specifically admitted or denied herein, defendant, both generally and specifically, denies each and every allegation in paragraph X contained.

XI.

For further answer to the Complaint, defendant, American Pipe and Construction Co., alleges that it has performed all of the terms, conditions and provisions to be performed by it under the terms of said agreement marked "Exhibit A" to the Complaint.

XII.

Defendant, American Pipe and Construction Co., alleges that at no time has it, its subsidiaries or assigns, or anyone acting for it or them, manufactured, sold or used any device or machine coming within the scope of any of the claims of Letters Patent No. 2,168,329.

XIII.

Further answering the Complaint, defendant, American Pipe and Construction Co., alleges that at no time has it, its subsidiaries or assigns, or anyone acting for them, manufactured, sold or used any device coming within the scope of any of the claims of plaintiff's alleged patents on alleged improvements to the processes and methods of patent No. 2,168,329, which patents are identified as patents Nos. 2,639,942, 2,639,943 and 2,681,725; and defendant further alleges that said three patents last identified are not patents on improvements to the processes and methods of said patent No. 2,168,329.

XIV.

Further answering the Complaint, defendant, American Pipe and Construction Co., alleges that plaintiff's alleged patents Nos. 2,639,942, 2,639,943

and 2,681,725 are not within the scope of the agreement marked "Exhibit A" to the Complaint, and defendant at no time was granted any license thereunder by reason of said agreement marked "Exhibit A" to the Complaint.

XV.

Further answering the Complaint, defendant, American Pipe and Construction Co., alleges that said patents Nos. 2,639,942, 2,639,943 and 2,681,725 and all the claims thereof are invalid in law in that:

(a) They do not disclose patentable inventions in view of the prior art existing at the time of the making of the alleged inventions disclosed therein;

(b) The inventions disclosed in said patents were fully anticipated by and were not patentable in view of the disclosures of prior United States and foreign patents and printed publications, the names, dates and numbers of which are not at this time known to defendant, but which defendant asks leave to insert herein by amendment when they are determined; [67]

(c) The claims of said patents are vague and indefinite and do not define the alleged inventions of the patents in compliance with the statutory requirements of patent claims;

(d) The inventor named in each of said Letters Patent was not the first or any inventor of the things claimed as inventions in said patents;

(e) The said Letters Patent were improvidently and illegally granted by the United States Patent

Office because the latter failed to locate or consider the prior art most pertinent to the disclosures of said patents;

(f) The claims of said patents are for unpatentable aggregations and not for patentable combinations;

(g) Because of the proceedings had in the United States Patent Office during the prosecution of the applications which resulted in the issuance of said patents, the patentee is now estopped from contending for such a construction of said claims as would encompass any devices or machines which may have been manufactured, sold or used by defendant.

XVI.

Because of the state of the art as shown by prior United States Letters Patent, prior published patents in foreign countries, and in prior publications in the United States and foreign countries, all antedating said Letters Patent Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725, and because of the estoppel by the proceedings had in the United States Patent Office during the prosecution of the applications eventuating into said Letters Patent Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725, the claims of said Letters Patent Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725 cannot be construed to be of a scope sufficient to include any device or apparatus or process made, used, sold or practiced by defendant, American Pipe and Construction Co. [68]

XVII.

Further answering the Complaint, defendant American Pipe and Construction Co., alleges that said agreement of February 8, 1944, marked "Exhibit A" to the Complaint, terminated by operation of law on August 7, 1956, and is no longer of any force or effect.

COUNTERCLAIM

Comes now counterclaimant, American Pipe and Construction Co., and files this its first amended counterclaim pursuant to Rule 15(a) of the Federal Rules of Civil Procedure, and for cause of action against counterclaim defendant, Spencer A. Earnshaw, alleges as follows:

I.

Counterclaimant, American Pipe and Construction Co., is a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and has a place of business at South Gate, County of Los Angeles, State of California.

II.

Counterclaim defendant, Spencer A. Earnshaw, is an individual and a resident of Los Angeles, County of Los Angeles, State of California.

III.

The Court has jurisdiction of this counterclaim because the same is founded upon the patent laws of the United States concerning the scope and validity of Letters Patent of the United States owned

by counterclaim defendant and the question of the validity and the infringement thereof by acts of the [69] counterclaimant. Jurisdiction is also conferred by Section 2201 of Title 28 of United States Code. Jurisdiction is also conferred by diversity of citizenship of the parties, and the amount in controversy is in excess of \$3,000.00, exclusive of interest.

IV.

That on or about February 8, 1944, counterclaim defendant did, by reason of an agreement in writing, grant certain licenses and privileges to counterclaimant under Letters Patent of the United States No. 2,168,329.

V.

Counterclaimant has performed all of the terms, conditions and provisions to be performed by it under the terms of said agreement.

VI.

Counterclaimant, its subsidiaries or assigns, did not at any time manufacture, sell or use any device or machine coming within the scope of said Letters Patent No. 2,168,329.

VII.

Counterclaim defendant has charged that counterclaimant, its subsidiaries or assigns, has, during the existence of said agreement, either manufactured, sold or used devices or machines coming within the scope of said Letters Patent No. 2,168,329, and has demanded royalties from counterclaimant for such acts.

VIII.

That said agreement of February 8, 1944, by its terms, terminated with the expiration of said Letters Patent No. 2,168,329, which expiration of the patent occurred on August 7, 1956. [70]

IX.

That counterclaimant notified counterclaim defendant of said expiration of the agreement and the fact that minimum royalties would terminate because of the termination of said agreement.

X.

That counterclaim defendant has denied that said agreement terminated and is demanding further royalties or payments from counterclaimant allegedly under the terms of said agreement.

XI.

That the basis of said demand on the part of counterclaim defendant is that counterclaim defendant allegedly owns three United States patents identified as Nos. 2,639,942, 2,639,943 and 2,681,725, and charges that said patents were contemplated by said agreement of February 8, 1944 and that counterclaimant, its subsidiaries or assigns, has manufactured, sold or used devices or machines coming within the scope of said patents and is, therefore, obligated under the terms of said agreement to pay to counterclaim defendant royalties thereon in accordance with the agreement of February 8, 1944, and that said agreement endures to the expiration date of the last expiring of said three

Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725.

XII.

Counterclaimant alleges that said patents were not contemplated by said agreement of February 8, 1944, and that counterclaimant at no time was a licensee under said patents.

XIII.

Counterclaimant alleges that counterclaimant, its subsidiaries or assigns, did not at any time manufacture, use or sell [71] any devices or machines coming within the scope of said Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725 and has committed no acts of infringement thereof.

XIV.

That therefore there is a justiciable controversy as between counterclaimant and counterclaim defendant as to:

(a) The termination of the license agreement of February 8, 1944;

(b) Whether or not there were any royalties due to counterclaim defendant by counterclaimant because of the manufacture, sale or use by counterclaimant of any devices or machines coming within the scope of United States Letters Patent No. 2,168,329;

(c) Whether or not Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725 were contemplated by and come within the scope of the agreement of February 8, 1944;

(d) Whether or not counterclaimant has committed any acts of infringement of United States Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725;

(e) Whether or not the claims of United States Letters Patents Nos. 2,639,942, 2,639,943 and 2,681,725 are valid.

XV.

Counterclaimant alleges that said United States Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725 are invalid in law in that:

(a) They do not disclose patentable inventions in view of the prior art existing at the time of the making of the alleged inventions disclosed therein;

(b) The inventions disclosed in said patents were fully anticipated by and were not patentable in view of the disclosures [72] of prior United States and foreign patents and printed publications, the names, dates and numbers of which are not at this time known to counterclaimant, but which counterclaimant asks leave to insert herein by amendment when they are determined;

(c) The claims of said patents are vague and indefinite and do not define the alleged inventions of the patents in compliance with the statutory requirements of patent claims;

(d) The inventor named in each of said Letters Patent was not the first or any inventor of the things claimed as inventions in said patents;

(e) The said Letters Patent were improvidently

and illegally granted by the United States Patent Office because the latter failed to locate or consider the prior art most pertinent to the disclosures of said patents;

(f) The claims of said patents are for unpatentable aggregations and not for patentable combinations;

(g) Because of the proceedings had in the United States Patent Office during the prosecution of the applications which resulted in the issuance of said patents, the patentee is now estopped from contending for such a construction of said claims as would encompass any devices or machines which may have been manufactured and sold by counterclaimant.

XVI.

Because of the state of the art as shown by prior United States Letters Patent, prior published patents in foreign countries, and in prior publications in the United States and foreign countries, all antedating said Letters Patent Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725, and because of estoppel by the proceedings had in the United States Patent Office during the prosecution of the applications eventuating into said Letters Patent Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725, the claims of said [73] Letters Patent Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725 cannot be construed to be of a scope sufficient to include any device or apparatus or process made, used, sold or practiced by defendant-counterclaimant, American Pipe and Construction Co.

Wherefore, defendant-counterclaimant prays:

1. That plaintiff take nothing by his Complaint, and that the same be dismissed with costs and attorneys' fees to defendant.

2. For a declaratory judgment adjudging:

(a) That counterclaimant, its subsidiaries and assigns, have not manufactured, sold or used any devices or machines coming within the scope of any claims of Letters Patent No. 2,168,329;

(b) That Letters Patent Nos. 2,639,942, 2,639,943, and 2,681,725 were not contemplated by and were not included within the scope of the agreement of February 8, 1944, between counterclaimant and counterclaim defendant;

(c) That the agreement of February 8, 1944, by and between counterclaimant and counterclaim defendant expired with the expiration of Letters Patent No. 2,168,329 on August 7, 1956, and was thereafter of no further force or effect;

(d) That counterclaimant, its subsidiaries and assigns, committed no acts of infringement of Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725;

(e) That Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725, are invalid and unenforceable in law.

(f) That counterclaimant be awarded its costs and disbursements incurred, together with reasonable attorney's fees, in this action. [74]

3. For such further and different relief as to the Court may seem meet and just.

AMERICAN PIPE &
CONSTRUCTION CO.,

/s/ By OSCAR A. MELLIN,
One of its Attorneys. [75]

Acknowledgment of Service Attached. [76]

[Endorsed]: Filed Oct. 30, 1956.

[Title of District Court and Cause.]

ANSWER TO FIRST AMENDED
COUNTERCLAIM

Comes now counterclaim defendant, Spencer A. Earnshaw, and answering the amended counterclaim of Counterclaimant, American Pipe and Construction Co., admits, denies and alleges:

I.

Admits Paragraphs I, II, III and IV of said counterclaim.

II.

Denies generally and specifically Paragraphs V and VI of said counterclaim. [90]

III.

Admits paragraph VII.

IV.

Denies generally and specifically paragraph VIII.

V.

Admits paragraphs IX, X and XI.

VI.

Denies generally and specifically paragraphs XII and XIII.

VII.

Denies generally and specifically paragraph XIV except admits that he claims that the license agreement of February 8, 1954 had not terminated.

VIII.

Denies generally and specifically paragraphs XV and XVI of said amended counterclaim.

Now as a Further Defense to the Matters and Things set Forth in the First Amended Counterclaim, counterclaim defendant alleges:

I.

That said counterclaim fails to set out facts sufficient to establish a counterclaim, upon which counterclaim counterclaimant is entitled to relief as required by Rule 8(a) of the Federal Rules of Civil Procedure.

Now for a Further and Separate Defense to the Matters and Things Set Forth in the First Amended Counterclaim, counterclaim defendant alleges:

I.

That the complaint is for money due for royalties under a written contract and for an accounting. That said counterclaim has no place in this action, as the decision of the issues raised by the complaint and first amended answer will determine all issues

[91] and the amended counterclaim will not determine any matter that cannot be determined within the issues framed by the complaint and amended answer.

Now for a Further and Separate Defense to the Matters and Things Set Forth in the First Amended Counterclaim, counterdefendant alleges:

I.

That countercomplainant is a licensee and as a licensee of the patent in question is estopped to deny the validity of the patent or the three improved patents referred to as "subsequent patents" for the reason that under the agreement sued on paragraph 11 provides:

"If either American or Earnshaw invents any improvements to the processes and methods of patent No. 2168329 which, in the judgment of American are applicable to the manufacture, or lining, or coating of pipe, the said improvements shall inure to the benefit of both parties, on the terms herein set forth, and American will pay the costs of patenting the same.",

and therefore the "subsequent patents" are included in and are part of said agreement sued on.

Wherefore, counterclaim-defendant prays that counterclaimant take nothing by its amended counterclaim; that said counterclaim be dismissed; that said counterclaim defendant have judgment on the original complaint as prayed for, including costs of

suit and any other relief to which he may be entitled.

/s/ J. MARION WRIGHT,
Attorney for Plaintiff and Counter-
claim Defendant. [92]

Acknowledgment of Service Attached. [93]

Duly Verified. [94]

[Endorsed]: Filed Dec. 17, 1956.

[Title of District Court and Cause.]

NOTICE UNDER RULE 35 U.S.C. 282

Plaintiff and counterclaim defendant, Spencer A. Earnshaw, and his counsel, will please take notice that defendant and counterclaimant will rely upon the following patents and publications:

(a) as showing lack of invention;

(b) as anticipation of the plaintiff and counterclaim defendant's patents in suit; [99]

(c) as showing the limits of the patent monopoly granted by the plaintiff and counterclaim defendant's patents in suit;

(d) as showing the state of the art; and

(e) as showing prior invention, knowledge, use, or offer for sale:

United States Patents

Inventor	Number	Date
W. R. Brend	2,380,499	July 31, 1945
W. R. Brend	2,368,742	February 6, 1945
Willoughby	21,102	1858
Hoopes	2,383,194	1945

United States Patents—(Continued)

Barker	2,451,603	1948
Riedel	250,976	1881
Hamill	2,530,767	1950
Devlin	2,567,699	1951
Wilson	2,603,383	1952
Lindquist	2,697,402	1954
Clow	15,280	1856
Colburn	2,550,781	1951
Rerick	2,554,637	1951

Prior Uses, Prior Knowledge, Prior Invention
Name and Address

Lock Joint Pipe Company, 150 Rutledge Avenue,
East Orange, New Jersey.

American Pipe and Construction Co., P. O. Box
3428 Terminal Annex, Los Angeles 54, California.

Fred F. Jenkins, c/o American Pipe and Con-
struction Co., P. O. Box 3428 Terminal Annex, Los
Angeles 54, California. [100]

Adolf G. Butler, c/o American Pipe and Con-
struction Co., P. O. Box 3428 Terminal Annex, Los
Angeles 54, California.

N. Johnson, c/o American Pipe and Construction
Co., P. O. Box 3428 Terminal Annex, Los Angeles
54, California.

H. F. Kennison, c/o Lock Joint Pipe Company,
150 Rutledge Avenue, East Orange, New Jersey.

J. E. Longley, c/o Lock Joint Pipe Company, 150
Rutledge Avenue, East Orange, New Jersey.

Certificate of Service

The undersigned certified that on the 21st day of
February, 1957, a copy of the foregoing Notice
Under Rule 35 U.S.C. 282 was mailed to J. Marion
Wright, attorney for plaintiff and counterclaim de-
fendant, at his address of record.

HILL, FARRER & BURRILL,
MELLIN, HANSCOM & HURSH,
OSCAR A. MELLIN,

/s/ By FRANK D. MacDOWELL,
Attorneys for Defendant and Coun-
terclaimant. [101]

[Endorsed]: Filed Feb. 21, 1957.

[Title of District Court and Cause.]

NOTICE OF FILING DEPOSITION

To the Plaintiff Above Named and to J. Marion
Wright, His Attorney:

You and Each of You Will Please Take Notice
that the deposition of Spencer A. Earnshaw, hereto-
fore taken on behalf of defendant American Pipe
and Construction Co. in the above entitled action,
was filed with the Clerk of the Court on March 22,
1957, and that the deposition of Hugh F. Kennison,

taken on behalf of said defendant, has also been filed.

Dated: March 23, 1957.

HILL, FARRER & BURRILL,
MELLIN, HANSCOM & HURSH,
OSCAR A. MELLIN,

/s/ By FRANK D. MacDOWELL,
Attorneys for Defendant. [102]

Affidavit of Service by Mail Attached.

[Endorsed]: Filed Mar. 25, 1957.

[Title of District Court and Cause.]

DECISION

The above entitled cause heretofore tried, argued and submitted, is now decided as follows:

Judgment will be for the defendant that plaintiff take nothing by the Complaint. And Judgment will be for the plaintiff that the defendant take nothing by the counterclaim.

Costs to the defendant.

Findings and Judgment to be prepared by defendant under Local Rule 7. [104]

Comment

The action originated in the Superior Court of the State of California as an action to recover money alleged to be due as royalties under a license agreement dated February 28, 1944, relating to Patent No. 2168329, issued August 8, 1939, to plain-

tiff Earnshaw. It was removed to this Court by reason of diversity. In this Court, the defendant counterclaimed by challenging the validity of subsequent patents to Earnshaw numbered, 2639942, filed November 5, 1948, 2639943, filed April 30, 1948, and 2681725, filed June 20, 1949.

The main question is whether the defendant used in its operations the improvements brought to the art in any of the three subsequent Earnshaw patents. The license agreement provided:

“(11) If either American or Earnshaw invents any improvements to the processes and methods of Patent No. 2168329 which, in the judgment of American are applicable to the manufacture, or lining, or coating of pipe, the said improvements shall inure to the benefit of both parties, on the terms herein set forth, and American will pay the costs of patenting the same.

“(12) It is understood by both parties hereto that American is now using a brush coating machine for the coating of pipe and a centrifugal process for lining pipe, and it is further understood that American is at liberty to continue to use the said processes and/or the processes and methods of Patent No. 2168329 at its option. Improvements or patents applicable to the said brush coating machine and/or centrifugal lining process are [105] expressly excluded from the provisions of Paragraph 11 hereof. The improvements and additional patents referred to in Paragraph 11 shall include only such improvements and patents as refer to and

are applicable to Patent No. 2168329; a belt lining machine." (Emphasis added.)

The evidence in the case shows clearly that at the time of the execution of the license agreement, the defendant was using the Brend patent No. 2380499, which is described in Paragraph 12 as a brush coating machine "for the coating of pipe". Since acquiring the license under the first Earnshaw patent, they have continued to use the Brend machine. As a fact, they have not used the Earnshaw patented machine, but have paid him the minimum royalty under the license. Some time prior to August 15, 1946, the defendants caused to be designed for them by Lock Joint Pipe Company of East Orange, N. J., a device which would substitute rubber for the bristles in the Brend double brush coating machine. This date antedates the earliest dates appearing on the Earnshaw "improvement" patents. The substitution of rubber for bristles was then made on the Brend machines which the defendants were using. So, regardless of any theoretical question of whether the substitution of rubber instead of bristles constituted a "patentable improvement" or an "improvement" under the license agreement, and regardless of the question whether the substitution of one such element in a device would constitute invention over the prior art, so as to be anticipation if used before the patent issued, or infringement if used after, the uncontradicted fact remains that the license agreement between the parties specifically excluded improvements on the device which they

[106] were then using and which conformed to the teachings of the Brend patent.

So the upshot of the matter is this: By his own contract the plaintiff has limited his right to "improvements" on his own machine. His machine was never used by the defendants, they merely paying him the minimum royalty. The change in brushes was made not on his, but on the Brend machine, an "improvement," if it be such, which was specifically excluded from the license agreement. The idea for the substitution of rubber came to the defendant from another source long before the disclosures made in the Earnshaw applications for patent. So the plaintiff is not entitled to royalties for the substitution of something which not only did not originate with him, but which was never applied to his device.

By the same token, the use of rubber brushes in this type of machine does not seem to be disclosed in the prior art. And the Earnshaw patents 2639942, 2639943 and 2681725 have additional elements of originality. So we conclude that on the subject of invalidity, the defendant has not met the burden of proof and that the Earnshaw patents referred to are invention over the prior art.

Hence the ruling above made.

Dated this 2nd day of April, 1957.

/s/ LEON R. YANKWICH,
Chief U. S. District Judge. [107]

[Endorsed]: Filed April 2, 1957.

[Title of District Court and Cause.]

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Pursuant to Rule 52 of the Federal Rules of Civil Procedure and Rule 7 of the Rules of Practice of the District Court of the United States for the Southern District of California, the Court makes the following Findings of Fact and Conclusions of law: [108]

Findings of Fact

1.

That Plaintiff, Spencer A. Earnshaw, is a resident of Los Angeles, County of Los Angeles, State of California.

2.

That Defendant, American Pipe and Construction Co., is a corporation of Delaware, and has a place of business at South Gate, County of Los Angeles, State of California.

3.

That Plaintiff, Spencer A. Earnshaw, and Defendant, American Pipe and Construction Co., entered into a written agreement dated February 8, 1944, by the terms of which Defendant, American Pipe and Construction Co., was granted a license under Plaintiff's United States Letters Patent No. 2,168,329.

4.

That prior to February 8, 1944 Defendant, American Pipe and Construction Co., had manufactured and was commercially using at its plant in South

Gate, California, a pipe coating machine of the double brush type known as the "Brend" machine, which machine in construction and mode of operation is the same as that illustrated and described in United States Letters Patent No. 2,380,499 to Brend.

5.

That prior to February 8, 1944 Defendant, American Pipe and Construction Co., informed Plaintiff, Spencer A. Earnshaw, [109] that it was employing the "Brend" machine and displayed said machine to him; and that said machine is the machine referred to in paragraph (12) of the agreement of February 8, 1944 as "a brush coating machine for the coating of pipe".

6.

That Defendant, American Pipe and Construction Co., continuously employed said "Brend" machine since prior to February 8, 1944, and has not manufactured, sold or used any machine such as illustrated, described and claimed in Plaintiff's Patent No. 2,168,329.

7.

That during the year 1946 Lock Joint Pipe Company, of New Jersey, at their plant at East Orange, New Jersey, caused to be designed and manufactured brushes for the "Brend" machine having an outer periphery of rubber, which rubber outer periphery was ribbed longitudinally.

8.

That during the year 1946 said Lock Joint Pipe Company installed such rubber brushes in a

“Brend” machine in lieu of wire brushes and successfully coated pipe with such “Brend” machine so fitted with rubber brushes.

9.

That Lock Joint Pipe Company, prior to the year 1948, fully informed Defendant, American Pipe and Construction Co., of its said use of rubber brushes in a “Brend” machine. [110]

10.

That prior to the month of April 1948 Defendant, American Pipe and Construction Co., constructed brushes for its “Brend” machine which substituted a rubber outer peripheral surface for bristles, and employed said rubber brushes in its “Brend” machine.

11.

That the substitution of rubber brushes for bristle brushes in the “Brend” machine was done by Defendant, American Pipe and Construction Co., entirely independently of Plaintiff, Spencer A. Earnshaw, and without any knowledge of any similar ideas that Plaintiff, Spencer A. Earnshaw, may have had upon the substitution of rubber brushes for bristle brushes in pipe coating machines and prior to any disclosure of any of such ideas by Plaintiff, Spencer A. Earnshaw, to Defendant, American Pipe and Construction Co.

12.

That the substitution of rubber brushes for bristle brushes in the “Brend” machine did not originate with Plaintiff, Spencer A. Earnshaw, but came

to Defendant, American Pipe and Construction Co., from Lock Joint Pipe Company long before Plaintiff, Spencer A. Earnshaw, made any disclosure thereof to Defendant, American Pipe and Construction Co.

13.

That the substitution of rubber brushes for bristle brushes in the "Brend" machine, if it constituted an improvement, was an improvement to the "Brend" machine and not to the machine [111] of Plaintiff's patent No. 2,168,329.

14.

That Defendant, American Pipe and Construction Co., has not used in its operations any novel features brought to the art in any of Plaintiff's three subsequent patents Nos. 2,639,942, 2,639,943 and 2,681,725; and is, therefore, not liable to Plaintiff for royalties for such use.

Conclusions of Law

1.

That this Court has jurisdiction of the action and the parties.

2.

That Defendant, American Pipe and Construction Co., fully and entirely performed each and every of the obligations on its part to be performed under the agreement of February 8, 1944.

3.

That the "improvements" referred to in paragraph (11) of the agreement of February 8, 1944 are limited to "improvements" on the machine dis-

closed in Plaintiff's Letters Patent No. 2,168,329, and that the changes, alterations, additions or improvements made to the "Brend" machine by Defendant, American Pipe and Construction Co., are not such "improvements" as are contemplated by paragraph (11) of the agreement of February 8, 1944.

4.

That Plaintiff is not entitled to any royalties from [112] Defendant, American Pipe and Construction Co., in addition to those minimum royalties already paid to Plaintiff, Spencer A. Earnshaw, by Defendant, American Pipe and Construction Co.

5.

That the agreement of February 8, 1944 terminated with the expiration of Letters Patent No. 2,168,329.

6.

That Defendant, American Pipe and Construction Co., failed to sustain the burden of proving Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725 to be invalid.

Los Angeles, California, Dated: April 22, 1957.

/s/ LEON R. YANKWICH,
United States District Judge.

Approved as to form 4-16-57, 11:25 a.m.

/s/ J. MARION WRIGHT,
Attorney for Plaintiff. [113]

Acknowledgment of Service Attached, [114]

[Endorsed]: Lodged Apr. 16, 1957. Filed Apr. 22, 1957.

In the United States District Court, Southern
District of California, Central Division

Civil Action No. 20040-Y

SPENCER A. EARNSHAW, Plaintiff,

vs.

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation, Defendant.

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation, Counterclaimant,

vs.

SPENCER A. EARNSHAW,
Counterclaim Defendant.

JUDGMENT

This cause having come on to be heard upon the issues raised by the Complaint and the Counterclaim, and the Court having filed its Findings of Fact and Conclusions of Law

It Is Ordered, Adjudged and Decreed: [115]

I.

That Plaintiff, Spencer A. Earnshaw, is a resident of Los Angeles, County of Los Angeles, State of California.

II.

That Defendant, American Pipe and Construction Co., is a corporation of Delaware.

III.

That this Court has jurisdiction of this action and of the parties.

IV.

That Plaintiff, Spencer A. Earnshaw, take nothing by the complaint and the same is hereby dismissed.

V.

That Defendant, American Pipe and Construction Co., take nothing by its Counterclaim and the same is hereby dismissed.

VI.

That Defendant, American Pipe and Construction Co., recover its costs and disbursements in this action in the amount of \$176.75, taxed 4/26/57, and have execution therefor.

Dated: this 22nd day of April, 1957.

/s/ LEON R. YANKWICH,
United States District Judge.

Approved as to form: 4-16-57, 11:25 a.m.

/s/ J. MARION WRIGHT,
Attorney for Plaintiff. [116]

Acknowledgment of Service Attached. [117]

[Endorsed]: Lodged April 16, 1957. Filed, Docketed and Entered Apr. 22, 1957.

[Title of District Court and Cause.]

MOTION TO MODIFY THE FINDINGS OF
FACT BY STRIKING THEREFROM PAR-
AGRAPH 14

Comes now Plaintiff and Counterclaim Defendant Spencer A. Earnshaw and moves this Court, Honorable Leon R. Yankwich presiding, to modify the Findings heretofore filed by the Court by striking therefrom paragraph 14.

Said motion will be made upon the grounds that the said finding of fact is not proper and is not sustained by the Court's decision, and that said plaintiff inadvertently overlooked and failed to object to that particular finding, and will be based upon the Findings of Fact, the decision of the Court and the [118] pleadings in the case, and upon the Affidavit of J. Marion Wright.

J. MARION WRIGHT AND
J. CALVIN BROWN,

/s/ By J. MARION WRIGHT,
Attorneys for Plaintiff and Counter-
claim Defendant.

Authority on Motion

The Decision of this Court and Local Rule of the
United States District Court No. 7. [119]

[Endorsed]: Filed May 17, 1957.

[Title of District Court and Cause.]

AFFIDAVIT OF J. MARION WRIGHT

State of California,

County of Los Angeles—ss.

J. Marion Wright, being first duly sworn, says that he is one of the attorneys for the plaintiff and counterclaim defendant, Spencer A. Earnshaw.

That affiant failed to appreciate the implications of paragraph 14 of the Findings of Fact when he approved same as to form, and that the overlooking of this particular finding was by accident and inadvertence, and therefore affiant desires that the [120] Findings be corrected to conform to the Court's Decision, and that the paragraph sought to be struck from the Findings is surplusage and purely volunteered and was not an issue in the trial.

/s/ J. MARION WRIGHT.

Subscribed and sworn to before me this 17th day of May, 1957.

[Seal] /s/ E. L. RUE,

Notary Public in and for said County and State.

My Commission Expires Dec. 21, 1957. [121]

[Endorsed]: Filed May 17, 1957.

[Title of District Court and Cause.]

AFFIDAVIT OF ROBERT V. EDWARDS IN
OPPOSITION TO MOTION TO MODIFY
FINDINGS OF FACT

State of California,
County of Los Angeles—ss.

Robert V. Edwards, being first duly sworn, deposes and says:

1. I reside at 845 Canterbury Road, San Marino, California. I am an officer, to-wit: President, of American Pipe and Construction Co., a corporation, the defendant and counterclaimant in the above entitled action, and have held said office since sometime prior to the filing of said action. In such capacity I am familiar with the issues in said action. [122]

2. Mr. Hamer H. Jamieson, an attorney, whose office is at 510 South Spring Street, Los Angeles, California, called upon me at my home on May 15, 1957, at about 6:00 P.M. I have known Jamieson for several years, although I am not now and have never been well acquainted with him.

3. On said occasion said Jamieson stated to me that Spencer H. Earnshaw, the plaintiff in the above entitled action, had recently come to him and had requested that he accept the employment of representing said Earnshaw in an appeal from the judgment entered in the above entitled cause.

4. On said occasion at my home said Jamieson

further stated to me that said Earnshaw had handed him a large file of papers and documents in the above entitled matter, and that after a quick perusal of the same, he had stated to Earnshaw that it was his opinion that the case had been correctly decided by the Court upon the issue before it, namely, the question as to whether or not the defendant owed Earnshaw any royalties.

5. On said occasion at my home said Jamieson further stated to me that it was his opinion that if Earnshaw had any case at all against American Pipe and Construction Co. arising out of the patents involved in the within action, it was an action for infringement of said patents; that in his opinion the within action should have been brought for infringement rather than for royalties under the license agreement; and that American Pipe and Construction Co. should resurvey its position with respect to infringement of Earnshaw's said patents. I replied that I would take this matter up with our attorneys but that it is my understanding that the issue of any infringement by American Pipe and Construction Co. of said patents has been raised and disposed of in the within action.

6. Said Jamieson then and there stated to me that Earnshaw was trying to find an attorney to represent him, but that he, Jamieson, would not represent Earnshaw until the judgment herein [123] has become final by lapse of the time to appeal, and that he would then represent Earnshaw only in the event I would state to him that Ameri-

can Pipe and Construction Co. would be interested in disposing of the entire controversy over infringement of Earnshaw's said patents on a settlement basis. Finally, he then and there stated that if he could serve Earnshaw and American Pipe and Construction Co. in arriving at such a settlement, he would be glad to do so.

/s/ ROBERT V. EDWARDS.

Subscribed and Sworn to before me this 20th day of May, 1957.

[Seal] /s/ MARGARET HIATT,

Notary Public in and for the County of Los Angeles, State of California. My Commission Expires Oct. 13, 1960. [124]

Acknowledgment of Service Attached. [125]

[Endorsed]: Filed May 20, 1957.

[Title of District Court and Cause.]

NOTICE OF APPEAL

Comes Now American Pipe and Construction Co., a corporation, the defendant-counterclaimant above named, and respectfully appeals to the United States Court of Appeals for the Ninth Circuit from the judgment entered April 22, 1957 in the above identified action, specifically from that part of said judgment dismissing the counterclaim and denying

the defendant-counterclaimant the relief prayed for in the counterclaim. [126]

Respectfully submitted,

AMERICAN PIPE AND
CONSTRUCTION CO.,
Defendant and Counterclaimant.
HILL, FARRER & BURRILL,
/s/ By OSCAR A. MELLIN,
Its Attorneys. [127]

[Endorsed]: Filed May 22, 1957.

[Title of District Court and Cause.]

CERTIFICATE BY CLERK

I, John A. Childress, Clerk of the above-entitled court, hereby certify that the items listed below constitute the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit, in the above-entitled cause:

A. The foregoing pages numbered 1 to 138, inclusive, containing the original

Petition for Removal (including summons, complaint & stipulation);

Notice of Filing Petition for Removal (including summons, complaint);

Defendant's Answer to Complaint & Defendant's cross-complaint;

Motion & Notice of Motion to Dismiss Cross-complaint, or, in the alternative, to strike and motion to strike from answer;

First Amended Answer to Complaint and First Amended Counterclaim;

Motion & Notice of Motion to Dismiss Defendant's First Amended Counterclaim, or, in the alternative, to strike, and motion to strike from First Amended Answer;

Answer to First Amended Counterclaim;

Motion to Strike from Answer to First Amended Counterclaim;

Minutes of the Court for January 7, 1957;

Notice under Rule 35 U.S.C. 282;

Notice of Filing Deposition of Spencer A. Earnshaw;

Decision;

Findings of Fact & Conclusions of Law;

Judgment;

Motion to Modify the Findings of Fact by Striking therefrom Paragraph 14;

Affidavit of J. Marion Wright;

Affidavit of Robert V. Edwards in Opposition to Motion to Modify Findings;

Notice of Appeal;

Concise Statement of Points Upon Which Appellant Intends to Rely;

Order Enlarging Time Within Which to file & Docket Record on Appeal;

Designation of Contents of Record on Appeal;

and a full, true and correct copy of the Minutes of the Court for November 26, 1956;

B. 1 volume reporter's official transcript of proceedings had on

March 26, 27, 1957;

May 21, 1957;

C. Plaintiff's exhibits 1 through 16, inclusive, and defendant's exhibits A through AK, inclusive.

I further certify that my fee for preparing the foregoing record amounting to \$1.60, has been paid by appellant.

Witness my hand and seal of the said District Court this 17th day of July, 1957.

[Seal] JOHN A. CHILDRESS,
 Clerk,

/s/ By CHARLES E. JONES,
 Deputy.

In The United States District Court, Southern
District of California, Central Division

No. 20040-Y Civil

SPENCER A. EARNSHAW, Plaintiff,

vs.

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation, Defendant.

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation, Counterclaimant,

vs.

SPENCER A. EARNSHAW,
Counterclaim Defendant.

REPORTER'S TRANSCRIPT OF
PROCEEDINGS

Los Angeles, California

Tuesday, March 26, 1957, 10:00 A.M.

Honorable Leon R. Yankwich, Judge Presiding.

Appearances: For the Plaintiff and Counter-
claim Defendant: J. Marion Wright, Esq., and J.
Calvin Brown, Esq., 453 South Spring Street, Los
Angeles 13, California. For the Defendant and
Counterclaimant: Hill, Farrer & Burrill, By:
Frank D. MacDowell, Esq., 411 West Fifth Street,
Los Angeles 13, California; and Mellin, Hanscom

& Hursh, By: Oscar A. Mellin, Esq., 391 Sutter Street, San Francisco 8, California. [2]*

The Clerk: Case 20040-Y Civil, Spencer A. Earnshaw versus American Pipe and Construction Co. Mr. J. Marion Wright, associated with Mr. J. Calvin Brown, for the plaintiff. Mr. Oscar A. Mellin and Mr. Frank D. MacDowell for the defendant.

Mr. Wright: Ready for the plaintiff.

Mr. Mellin: Ready for the defendant. [4]

* * * * *

The Court: So far as you are concerned, you represent the plaintiff, and you just put on a prima facie case——

Mr. Wright: Yes.

The Court: ——upon your simple question of royalties. Then we will turn to the defendant and let them carry the laboring oar in presenting both their defense and the counterclaim.

Mr. Wright: That is right. [5]

* * * * *

Mr. Wright: I would like to offer it, and have it marked as our first exhibit.

The Clerk: Plaintiff's Exhibit 1, your Honor. Is that admitted in evidence?

The Court: That may be received.

The Clerk: That is the option agreement.

The Court: That is the exhibit attached to the complaint.

(The document referred to was marked Plaintiff's Exhibit 1, and received in evidence.)

* Page numbers appearing at top of page of Original Reporter's Transcript of Record.

Mr. Wright: Letters patent No. 2,168,329 have been admitted by the pleadings, and I offer that as our next exhibit.

The Clerk: Letters patent identified and admitted in evidence as Plaintiff's Exhibit No. 2.

(The document referred to was marked Plaintiff's Exhibit 2, and received in evidence.)

[See Book of Exhibits.]

Mr. Wright: Your Honor, it is admitted that the option mentioned in Plaintiff's Exhibit 1 was exercised, and I have a letter exercising same to offer in evidence as our next exhibit.

The Clerk: Letter dated July 28, 1944, from American [7] Pipe to Mr. Earnshaw, Plaintiff's Exhibit for identification and in evidence as No. 3.

(The document referred to was marked Plaintiff's Exhibit 3, and received in evidence.)

The Court: Go ahead.

Mr. Wright: It is admitted that the contract, Plaintiff's Exhibit 1, as to compensation of royalties was modified, and I offer in evidence a photostat of a letter dated February 26, 1951, by American Pipe and Construction Company modifying the compensation from one-fifth of one cent per square foot to two-fifths of one cent per square foot.

The Clerk: Letter identified, admitted in evidence as Plaintiff's Exhibit No. 4.

(The document referred to was marked Plaintiff's Exhibit 4, and received in evidence.)

Mr. Wright: Then those are the documents that I think have been admitted as documents in the pleadings.

I would like now to call Mr. Earnshaw.

The Court: All right.

SPENCER A. EARNSHAW

the plaintiff herein, called as a witness in his own behalf, having been first duly sworn, testified as follows:

The Clerk: What is your full name, sir?

The Witness: Spencer Arnold Earnshaw.

The Clerk: Thank you. [8]

Direct Examination

Q. (By Mr. Wright): Mr. Earnshaw, you are the plaintiff in this action? A. Yes.

Q. Do you reside here in Los Angeles County?

A. I reside at 132 East 77th Street, Los Angeles, California.

Q. How long have you resided in Los Angeles County? A. Well, close to thirty years.

Q. Are you the S. A. Earnshaw to whom Patent No. '329—I will just use the last figures—was issued? A. Yes, sir.

Q. And you are the Earnshaw mentioned in the agreement in Plaintiff's Exhibit 1?

A. Yes, sir.

Q. Now, after Plaintiff's Exhibit 1 was entered into, did you secure any other further patents?

A. Yes, I had several patents issued to me.

Q. I will show you Patent No. 2,639,943, issued May 26, 1953 to S. A. Earnshaw and ask you is that one of the patents that you referred to?

A. Yes, this is one of the patents.

(Testimony of Spencer A. Earnshaw.)

Mr. Wright: We ask that this be introduced in evidence as our next exhibit. [9]

* * * * *

The Clerk: Plaintiff's Exhibit 5, your Honor, now in evidence.

The Court: All right.

(The document referred to was marked Plaintiff's Exhibit 5, and received in evidence.)

[See Book of Exhibits.]

Q. (By Mr. Wright): I will show you Patent No. 2,639,942, dated May 26, 1953, issued to S. A. Earnshaw, and ask you if that is one of the patents that you mentioned?

A. This is one of my patents.

Mr. Wright: I offer that in evidence as the plaintiff's next exhibit.

The Clerk: Plaintiff's Exhibit No. 6 identified and admitted in evidence.

(The document referred to was marked Plaintiff's Exhibit 6, and received in evidence.)

[See Book of Exhibits.]

Q. (By Mr. Wright): I will show you Patent No. 2,681,725, dated June 22, 1954, issued to S. A. Earnshaw, and ask you if that is one of the patents to which you have testified?

A. This is one of the patents to which I have testified. [12]

Mr. Wright: We offer this patent in evidence as plaintiff's next exhibit.

The Clerk: Plaintiff's Exhibit No. 7 identified

(Testimony of Spencer A. Earnshaw.)

and admitted in evidence. The same objection, Mr. Mellin?

Mr. Mellin: Yes.

The Court: It may be received subject to the same objection, which is overruled, and the same ruling.

(The document referred to was marked Plaintiff's Exhibit 7, and received in evidence.)

[See Book of Exhibits.]

Q (By Mr Wright): Now, Mr Earnshaw, when did you first approach the American Pipe and Construction Company in regard to your patent '329?

A About in 1941. [13]

* * * * *

Q. All right. Then after this meeting was this agreement, Plaintiff's Exhibit 1, prepared, or did you have any more meetings before that took place?

A. We had several agreements prepared, but we couldn't get together on them, and time—a period got away from us, but it was in 1944 when we decided to get an agreement, so I signed up with them in 1944 on this agreement. [17]

* * * * *

Q. Now, later on did someone come down to your plant or your home from American?

A. Yes, Mr. Butler and the two Jenkins and another man came to my house.

Q. When? A. In about 1948.

Q. And at that time were you working on, or had under construction any machine?

(Testimony of Spencer A. Earnshaw.)

A. I had a model of a pair of tires, airplane tires they were, they were what you call a panel tread, and I had them laying there on a frame in the yard, and one of the men noticed this thing, and he said, "What's that?"

I said, "That is another machine I am getting a patent on. It's an improvement on my belt machine."

Q. An improvement on the belt machine?

A. Yes.

Q. And describe how that was set up, and how it worked.

A. It was a wooden frame, and there was two shafts, [18] one for each wheel, and the wheels were placed so that they about touched each other, and then as they were driven the centrifugal force would pick up the—would cause the rubber to rise out, and they would get contact, and then they would be in contact as they spun. Then you could feed material between them, and the rollers would throw the material from between those two surfaces.

Q. You had a picture here you gave me a minute ago. Did you take it back?

A. It is in one of my envelopes there. Wait a minute. Wait a minute. Maybe I have got it here. This is it (handing photograph to counsel). [19]

* * * * *

Mr. Wright: Now, you have presented two pictures here. I will just ask that they be marked for identification. This one that has a front view—I

(Testimony of Spencer A. Earnshaw.)

will just show them to you later—the one with the two tires together, front view, I will ask be marked as the next exhibit for identification.

The Clerk: Plaintiff's Exhibit 8, marked for identification.

Mr. Wright: And the other with the two rollers as the next exhibit for identification.

The Clerk: Plaintiff's Exhibit 9, marked for identification.

Mr. Wright: Thank you.

(The pictures referred to were marked Plaintiff's Exhibits 8 and 9, for identification.)

Q. (By Mr. Wright): I will show you Plaintiff's Exhibit 8, for identification, and ask you what that is?

A. Without the motor on here, this is exactly what the men saw in my yard when they came over there in about 1948. [20]

Q. And I see two tires there. Are those the two tires that you stated that were on the——

A. Those are the two tires, yes, sir.

Q. And how did the material protrude from those?

A. Well, whichever way—now, this was a reversible motor. You could fix it so you could drive it either way, so if you wanted to throw down, you could drive it so that the curve come around, and the wheels turned towards each other, and it would throw down.

Q. Where did it come out,—between the two wheels?

(Testimony of Spencer A. Earnshaw.)

A. It came out from between the two wheels, yes.

Q. And you had that machine there at the time?

A. That is what I had at the time.

Q. Except for the motor? A. Yes.

Mr. Wright: We offer this now in evidence as an exhibit, as Plaintiff's 8.

The Court: It may be received.

The Clerk: 8 in evidence.

(The exhibit heretofore marked Plaintiff's Exhibit 8, was received in evidence.)

The Witness: The motor was in the garage.

Q. (By Mr. Wright): Now, I call your attention to Plaintiff's Exhibit No. 9, for identification, and ask you what is that? [21]

A. This is the same machine, and I had thrown a little material here on the side of the garage, and these other two devices in here are two rubber treads from an automobile, that I had been working with and experimenting with previous to getting the two rubber rollers for this in here.

Q. Now, was this machine there at the time these men came?

A. Yes. This is what they saw, without this and this (indicating). They didn't see these two items here.

Q. Which are these two? The motor?

A. The motor wasn't on.

Q. And the right wheel?

A. This is a wooden wheel with a rubberband around it off the automobile tire.

(Testimony of Spencer A. Earnshaw.)

Q. That is the right wheel?

A. That was just hung up there.

Q. Just answer the question. You said this wheel was not there. Is it the right wheel?

A. I don't know just what you——

Q. This is the right hand. This is the wheel on the right side.

A. It was just hung up there on the right side, just to have it in the picture. And that was way down there, that was stood up there, so that it would be in the picture.

Q. What was it in the picture—the two wheels that [22] came together?

A. Yes, the two panel tread wheels.

Q. And this is just another view of the panel tread wheels? A. That is right.

Q. At that time were the tires smooth, or were they roughened?

A. They were quite smooth, yes.

Q. And the material, when these revolved, would be thrown out between the two; is that correct?

A. Between the two, that's right.

Mr. Wright: We offer this in evidence as Exhibit No. 9, your Honor.

The Court: It may be received.

The Clerk: No. 9 admitted in evidence.

(The exhibit heretofore marked Plaintiff's Exhibit 9, was received in evidence.)

Q. (By Mr. Wright): At that time were those tires inflated or just flat?

A. No, I didn't have the inner tubes in them.

(Testimony of Spencer A. Earnshaw.)

I had inner tubes for them, but I didn't have the inner tubes in them.

Q. The answer is they were not inflated?

A. They were not inflated at that time.

Q. All right. Now, have you been down to the American [23] Pipe and Construction Company to see what they were using as a machine to coat pipe?

A. In 19—well, about the time we signed the agreement in 1944, Mr. Jenkins took me in the yard and showed me a Gillespie machine which was used for inside lining, and then we went around to where the brush machine was located, and he showed me this brush machine which they were coating pipe with.

Q. All right. Now, later on did you go down and see what they were using?

A. Yes, just recently with you and Mr. Brown, and I went there to the plant, and saw what they were using.

Q. What were they using?

A. They had two different machines there. They had one machine with wire brushes on, and it was off to one side like, on small work, and on the main work they were using rubber rollers.

Q. Now, previous to that did you get some pictures of what was in the yard—

A. Yes.

Q. —used for coating?

A. Yes, I got some pictures.

Q. And do you remember about when they were taken?

(Testimony of Spencer A. Earnshaw.)

A. This last—well, I haven't got the date with me right now, but it was this last summer. [24]

Q. All right. Were you there when they were taken? A. No.

Mr. Wright: I will have this marked for identification, first. The one with the side view of rollers on wheels as plaintiff's next exhibit, for identification.

The Clerk: Plaintiff's Exhibit No. 10.

Mr. Wright: And another view more from the end as the next exhibit.

The Clerk: Plaintiff's Exhibit No. 11.

Mr. Wright: And one more, which shows apparently some wheels or pulleys with rubber edges stacked to the left of the picture as our next exhibit, for identification.

The Clerk: Plaintiff's Exhibit No. 12, marked for identification.

(The pictures referred to were marked Plaintiff's Exhibits 10, 11 and 12, for identification.)

Q. (By Mr. Wright): When you went down there recently with Mr. Brown and myself, Mr. Mellin, and members of or officers of the American Pipe and Construction Company, did you see them coating with a machine similar to the one appearing in Plaintiff's Exhibit 10, for identification?

A. Yes, very similar to this machine.

Q. Was it in operation at the time?

A. Yes, it was operating for a few minutes until they stopped for a coffee break. [25]

(Testimony of Spencer A. Earnshaw.)

Q. But they were operating it?

A. They were operating it, yes.

Q. Now, will you explain how the material was protruded from this machine?

A. They have the two rollers, and they have a worm to the rear of the rollers, and the rollers are driven, and then the worm is motivated, and the material comes along the worm, and goes in between the rollers, and the rollers are traveling at a high speed and throw the material.

Q. What about the pipe?

A. The pipe are placed in the front of the machine, and the machine moves along as the pipe revolves to complete the coating.

Q. In other words, the material is protruded as the pipe is going around——

A. That is right.

Q. And the machine moves slowly down so that it takes the whole length of the pipe?

A. The movement of the machine governs the thickness of the material on the pipe.

Q. And that machine appears to be on tracks?

A. And these are rubber rollers on the machine.

Mr. Wright: I offer Exhibit 10, for identification, now as Exhibit 10.

The Clerk: No. 10 may be received, your Honor.

The Court: It may be received.

The Clerk: 10 in evidence.

(The exhibit heretofore marked Plaintiff's Exhibit 10 was received in evidence.)

Q. (By Mr. Wright): Now, I will show you

(Testimony of Spencer A. Earnshaw.)

Plaintiff's Exhibit 11, for identification, and ask you if you saw that machine down there when you went there on this occasion?

A. This would be a similar machine. This machine was not in the same yards when we were taken there, but this is a similar machine.

Q. But that was not down there that day?

A. No.

Q. All right. I will show you then Plaintiff's Exhibit 12, for identification, showing a stack of rollers or sections of rollers, and ask you if you saw rollers similar to that there that day?

A. Yes. I had the pleasure of picking up one of these rollers and looking at it.

Q. And what was it made of?

A. It had a piece of steel in the center of it, which seemed to be rather thin, and had a hole in the middle of the steel, and then this rubber was on the outside edge, forming a tread or tire-like construction around the steel disc.

Q. In other words, it is a rubber facing; is that right? [27]

A. That is right. It is about two inches deep and probably an inch wide.

Q. And did you note how the—when you were referring to Plaintiff's Exhibit 10, did you note how these sections were put together?

A. Yes, they have a shaft. In fact, they have the two shafts in the machine, and these sections are slipped on to the shaft, and then the pulley is tightened up to hold the rubber sections in place.

(Testimony of Spencer A. Earnshaw.)

Q. In other words, that is not one flat roller in one piece, but it is a number of sections put together; is that right?

A. Yes, and the rubber seemed to have maybe a three-eighths inch groove about every half inch around the rubber. That was a circular groove, sort of half a circle.

Mr. Wright. We offer Plaintiff's Exhibit 12, for identification, as Plaintiff's Exhibit 12.

The Court: It may be received.

The Clerk: Plaintiff's 12 in evidence.

(The exhibit heretofore marked Plaintiff's Exhibit 12, was received in evidence.)

Q. (By Mr. Wright): Now, I will show you another photograph, showing a machine, a coating machine and some pipe, which I think is in the process of being coated. I will ask you when you were down there that day did you see a machine [28] similar to that, coating pipe similar to that?

A. Yes. The pipe didn't seem to be of this same diameter. It was smaller diameter pipe, but this was practically the same.

Q. But explain what view is that of the machine? A. What is that?

Q. What view is that of the machine?

A. They don't have the pipe in place here. This is a view looking towards the throwing device.

Q. I see.

A. But the pipe is not in place where it would be during the coating.

Q. Where would the pipe be?

(Testimony of Spencer A. Earnshaw.)

A. Between us and the machine.

Q. Is that the machine you saw down there that day?

A. It is very similar.

Q. And the rollers, are those the objects to the left, that look like two rollers?

A. Yes. No, these are pieces, these things here (indicating).

Q. Wait a minute. I am talking about to the left of the picture.

A. Those are the rollers in the machine.

Q. That machine is on a track, is it?

A. That is right. [29]

Q. And it goes along on that track?

A. Yes.

Mr. Wright: We offer that picture as plaintiff's next exhibit.

The Clerk: Plaintiff's Exhibit 13, your Honor. Is this only offered for identification?

Mr. Wright: No, in evidence.

The Court: It may be received.

The Clerk: In evidence, No. 13.

(The picture referred to was marked Plaintiff Exhibit 13, and received in evidence.)

Q. (By Mr. Wright): Now, Mr. Earnshaw, after you were issued patent number, we will call it, '943, the last three numbers, did you see anybody at the defendant's place of business?

A. Yes. I took the——

Q. Whom did you see?

A. I took the copy, the original copy of the patent to Mr. Jenkins, and showed it to him, and

(Testimony of Spencer A. Earnshaw.)

told him it was an improvement on my belt patent and I wanted to know if he was going to put it to work.

Q. Then you took down a copy of '943. Now, you also had '942 issued the same day. Did you have that with you, too?

A. No, I didn't take that with me at that time.

Q. All right. This '943, Exhibit 5, has rollers, has it not? A. Yes. [31]

* * * * *

Q. (By Mr. Wright): Now, after you got that, or when you took that patent down, that '943, you had a conversation with whom?

A. Mr. H. H. Jenkins.

Q. What was said?

A. He said, "Well, you have covered the waterfront." And I said, "Well,"—— [35]

Q. You showed it to him, did you?

A. Yes, I showed it to him.

Q. Did you explain it to him?

A. I explained it to him, that it would be an improvement on what I already had, and that I thought he would be entitled to use it under the contract, and that he should pay me for the use of it.

Q. And what did he say?

A. He said that they were using the rubber wheels at that time, and he didn't think he had to pay me.

The Court: Did he explain why?

(Testimony of Spencer A. Earnshaw.)

The Witness: He just said he was using it, and that he didn't think he had to pay me.

The Court: All right.

Q. (By Mr. Wright): Had you been down there in the meantime, between the time that the contract was signed, Plaintiff's Exhibit 1, and the time you went down there when you took down this '943, Exhibit 5?

A. Yes. I had heard that they were using the rubber instead of the wire brush.

Q. Whom did you see at that time?

A. I saw Mr. Jenkins.

Q. What did you say to him?

A. And I told him that I heard he was using the rubber. He said, "Yes, we are using the rubber, but," he said, "we [36] don't have to pay you to get your patent."

I said, "Well, the patent has been in the Office for some time. It is liable to come out any time."

That was in '48, and the patent came out in '53.

Then I took the patent to him and asked him if he was going to pay me. He said he didn't think he had to pay me for it because they had been using it for some time.

Q. And the pleadings admit that all you received has been the minimum royalty?

A. That is right. The only royalty I have received is the minimum royalty from the American Pipe.

Q. And that was the \$25.00 a month a part of the time, and after the increase \$50.00 a month?

(Testimony of Spencer A. Earnshaw.)

A. When I went to the——

Q. Is that correct?

A. Yes, that is correct.

Q. Did you go down and see anybody at the American Pipe about patent '942, and the other exhibit, Exhibits 6 and 7?

A. Yes, I showed—I even operated this '942, and I had a model there of a single blade thrower, and I operated the device I had there, and showed the Pipe Company that machine.

The Court: Has that been put in?

Mr. Wright: Yes, it is in evidence. [37]

The Court: That is all right.

Q. (By Mr. Wright): You mean that you showed them there, or showed someone the operation of it, or just showed them the patent?

A. No, I believe that Mr. Butler stated he was at my place and saw me coating a garage door with a machine that went up and down.

Q. That was prior to that time, was it?

A. Yes, it was prior.

Q. Now, did you have any conversation with Mr. Jenkins or anybody else when you showed him patent '942, Exhibit 6?

A. Well, this, they didn't figure——

Q. No, did you have any conversation with him is what I want to know.

A. Yes. I showed them the way this device operated, but they didn't think they wanted to use it.

(Testimony of Spencer A. Earnshaw.)

Q. Did you leave a copy with them?

A. I don't believe I left a copy of this machine with them at that time, no.

Q. I call your attention to Plaintiff's Exhibit 7, patent No. '725, when you got that on June 22, 1954, as it is dated, did you go down and take that down there?

A. Yes, I showed Mr. Jenkins this patent, too.

Q. And what is that?

A. This is a belt that can be—that is mounted in [38] a carriage that is on wheels, and can be moved in various directions.

The belt can be given different degrees of angle or position, and it can be raised and lowered, and the material can be thrown from the belt as the belt is put in different positions. And there is a unit on the belt of rubber rollers, so that when the material is placed on the belt, the rubber will grip the material and give it the speed of the belt.

Q. All right. What was the conversation, if any, when you showed him that?

A. At that time he said—well, I took—before I received this Patent Office copy, I had taken another copy of the original Patent Office drawing, and I took it to him, and he said that this machine would not operate all the way around in a circle, which he was thinking about, for the coating of the inside of pipe. He said the machine would not work in an entire circle if it spun around, so he

(Testimony of Spencer A. Earnshaw.)

wasn't interested at that time in using this improved patent.

Q. Now, calling your attention to Exhibit 6 again, patent '942, would you explain what that is—I wasn't sure whether you had—how that operated.

A. You want me to explain it, or did I explain it to them?

Q. I want to know how does it operate?

A. Oh, in this machine there is an elevator frame, and [39] it can be raised and lowered. There is a pusher plate which can be moved back and forth from the rear of the hopper to the front of the hopper. The material is placed in front of the pusher plate, and then there are some impellers down here of blades, impeller blades on shafts, and when the motor is started, they revolve and the pusher plate travels forward, pushing the material toward the impellers, and the impellers receive the material and throw the material forward on to a surface. And the hopper may be raised or lowered to accomplish the job.

Q. You have already testified you showed that to Mr. Jenkins. A. Yes.

Q. And discussed it with him?

A. That's right.

Q. All right. Can you compare, or, state a comparison in the operation of the machine you saw operating at American Pipe and Construction Company with the machine that you have set forth in patent '943, Exhibit——

(Testimony of Spencer A. Earnshaw.)

The Clerk: '943 is Exhibit No. 5.

Mr. Wright: I have it now. Exhibit 5.

The Witness: You mean what I seen at the Pipe Company?

Q. (By Mr. Wright): The one you saw operating down there, will you compare it—make a comparison between it and the machine you have patented in '943? [40]

A. Well, in both instances we have rubber rollers. The rubber rollers are driven and the material is fed to them, and the rubber bends and lets the material be gripped, and as the rollers come past center the material is released, and the speed, the peripheral speed is what causes the material to be thrown at velocity.

I have worms in the hopper, and they can be used for mixing, and they also furnish a pressure on the material, forcing the material towards the rollers.

Q. How did the one operate down there?

A. The one we saw at the plant was rubber rollers, and the material was fed in between the rubber rollers, and the rubber rollers threw it on the pipe.

Q. By what,—a worm, or what?

A. There was a worm in the machine to force the material into the rubber rollers.

Q. Are there any other similarities?

A. This machine of mine has bearings on both ends of the shaft, and therefore I can build a very wide stream and still be within the limits of the

(Testimony of Spencer A. Earnshaw.)

mechanical effects there, where in the Brend machine in the Brend patent, they are limited to a very narrow stream, because they only use one worm, and there is no bearing to carry the pressure that the shafts—for the material that would go between the two surfaces. [41]

Q. The means for feeding material, then, in your claim is that of what?

A. In Figure 1 I use a multiple number of worms, and also there is a pusher plate which oscillates backward and forward to help push the material all the way across the entire area of the rollers. It has—the pusher plate has several functions, but one of them is to feed the material as it oscillates back and forth.

I can also put on more than one stream, if I want to. I can shut off different worms by using clutches on them, and can have different streams in the function of the machine that way.

Q. What about the speed of the rollers in your patent, as compared to the speed of the ones down there that you saw?

A. The coating requires a certain speed, and I have the speeds at practically any speeds you want to get for coating purposes. In fact, at a little higher speed you can use it for other purposes other than coating.

Q. Have you put your speeds down in your patent or not?

A. No, I did not say how fast I was going to

(Testimony of Spencer A. Earnshaw.)

drive it. I figured I had the scope there of any speed I wanted.

Mr. Wright: That is all for now.

The Court: Just a minute. Let's have a short recess before we have any cross examination.

(A short recess.) [42]

Mr. Wright: If the court please, I wanted to ask one or two more questions.

The Court: All right. We will go on and complete the cross examination before we adjourn, because I have been interrupted. The United States Attorney sent word he was coming down, and he did not come, so we will go on and finish the cross examination, and then we will adjourn.

Q. (By Mr. Wright): Now, Mr. Earnshaw, under your patent '943, will you state about the raising or lowering of the machine?

A. Yes. This hopper can be raised and lowered, and pivoted so that the stream can strike it at different directions from the machine.

Q. In other words, it can throw it in various different directions? A. That is right.

Q. What about the perpendicular?

A. The hopper can also be taken from the machine and set up on its end, and placed back in the machine and throw a stream in a perpendicular direction.

Q. In other words, pipe could be coated standing in a perpendicular direction?

A. The stream would be perpendicular from the

(Testimony of Spencer A. Earnshaw.)

horizontal. The stream could be produced in that way.

Q. Then how would that strike the pipe, or whatever was [43] being coated?

A. That would be an advantage on some coatings, where the stream is a perpendicular stream, and it also is able to produce a horizontal stream.

Q. Well, it could be tilted? A. Yes.

Q. And strike surfaces at various angles; is that right?

A. It could be tilted so that the stream could be shot down or up, or any directions you want to get at.

Q. What about being rotated?

A. Yes, the machine can be revolved around for different positions of shooting.

Q. Now, your patent—I see that these patents say “Machines.” As I understand, your patent is a machine, and not a process; is that right?

A. I believe that’s right.

Q. Now, one more question. Did you ever go down and ask for royalties?

A. Yes. Whenever I received a patent, I would go to American and ask them for the royalties, when I thought I was entitled to them, and when I found out they were using the rubber surface rollers I asked him to pay me, and that’s when he said he didn’t have to pay me until the patent came out.

Q. Did I understand you that you asked them

(Testimony of Spencer A. Earnshaw.)

that in [44] connection with each of these other patents?

A. Yes. Whenever I talked to him, I asked him—I told him I should be getting my royalties on the use of the rubber rollers, that was the ones they were using, and I thought they should pay me on the basis of the patents on the rubbers, because that was in the agreement.

Mr. Wright: That is all.

The Court: All right.

Cross Examination

Q. (By Mr. Mellin): Now, when you first—by the way, you have had no actual experience in coating fibre concrete at all, have you,—you yourself?

A. I haven't—oh, I had a little bit, yes. I had a small piece of pipe there of castiron I got, and I think it was about a six-inch pipe, and I used that on rollers.

I had some rubber wheels I had there, and I put them on some boxes, and I turned the pipe by hand, and I used the blade machine to throw material on with.

Then I tried it with the belt. I had a belt model machine there, and I threw material on this pipe with a belt.

I also had a piece of this pipe that is used around—it is a composition pipe. I believe it was an asbestos pipe. I coated that in experimenting.

Q. That was all experimental work?

A. That was experimental.

* * * * *

(Testimony of Spencer A. Earnshaw.)

Q. (By Mr. Mellin): Now, in 1944, before this contract was entered into, or the license agreement with American, Mr. Howard Jenkins, who is now dead, and you put all the conversation in his mouth, he took you out in the yard, didn't he, and showed you a Brend machine? [46]

A. On your first statement, before the contract was signed, I can't say whether it was just before the contract was signed or just after.

The Court: Just a minute. Is the Brend patent in evidence?

Mr. Mellin: It is going to be in in a minute, your Honor. It is not in yet.

The Court: There has been reference to it, and one of the reasons I picked up one of them was to see if it was one of the patents cited in the Patent Office on any of these applications. Was it?

Mr. Mellin: I think it was, your Honor, yes.

Q. You did see the Brend machine in 1944?

A. Yes.

Q. And the Brend machine, except for the fact that the rollers are rubber coated in it now, is identical today, to your own knowledge, from your inspection, with what it was in 1944, isn't that correct, in the hands of American?

A. The Brend machine in those days was driven at a slower speed.

Q. Now, let's get to the construction, first. How do you know of the speeds? Did you ever test them?

A. No. You can see the difference in velocities

(Testimony of Spencer A. Earnshaw.)

of the material when you are looking at them, when they are traveling. [47]

Q. I see. You observed that by observation?

A. Observation, I believe I did.

Q. You have no other information as to whether the speed is the same or not?

A. That would be the way it would be in my mind, yes.

Q. Now, I am asking, did you have any other information as to the difference in the speeds or not?

The Court: Except from observation, from watching it?

Mr. Mellin: Except from watching it?

The Court: You have no other information about the velocity, whether it is different from yours or not?

The Witness: Now, your Honor, there is a little difference there,—the difference from my speed in my machine.

The Court: I am not talking about that. He is wanting to know, and he is asking a question as to whether what you say about the difference in speed is derived from watching the machine, or from another source?

The Witness: From watching the material strike the surfaces, and the way it leaves it when it bounces.

The Court: All right.

The Witness: The bounce will determine the velocity.

(Testimony of Spencer A. Earnshaw.)

Q. (By Mr. Mellin): How long did you watch the machine operating that had rubber brushes on it? A. At your yard?

Q. Anywhere. The Brend machine, I am speaking of. [48]

A. The day we were there, I don't believe we watched it more than five minutes, and I went around the back side to see the stream being produced.

Q. When did you watch the wire brush machine? A. In 1944.

Q. And between the two, you determined by that observation that the brush machine was operating faster—— A. Yes.

Q. ——than the wire brush machine?

A. I heard conversation that they were now traveling about 7,000 feet a minute, and in the olden days the material—I can't—I don't believe it was traveling at those speeds at all.

Q. You just don't believe it?

A. I don't believe it was traveling at those speeds.

Mr. Mellin: All right. I show you a photograph—may I have it marked for identification?

The Clerk: A photograph of what?

Mr. Mellin: Of the Brend machine as used by American Pipe.

The Clerk: A photograph of the Brend machine has been marked for identification as Defendant's Exhibit A.

(Testimony of Spencer A. Earnshaw.)

(The photograph referred to was marked Defendant's Exhibit A, for identification.)

Q. (By Mr. Mellin): I show you that photograph, and ask [49] you if that isn't an accurate representation and picture of the Brend machine which you saw coating pipe in the American yards in 1944?

A. No, this is not.

Q. What is the difference?

A. In this machine you are driving with V-belts, and you are using V-belt pulleys on it. That machine was driven by a chain. This machine is driven with V-belts.

Q. Is there any other difference?

A. There is a difference in this hopper. The hopper that I saw in those days came down something like this, at an angle, and it seemed the material was rather full in the hopper, but it seemed to feed from the middle of the machine. This does not seem to be the same setup here at all.

Q. That is the same roller setup or brush setup, isn't it?

A. Whatever this roller is, I can't say, but it looks similar to the way the brushes were mounted at that time when I was in the yard.

Q. I see. Now, at that time they had two counter-rotating brushes, didn't they, in the Brend machine?

A. Yes.

Q. And the material was fed between those brushes, wasn't it? [50]

A. Yes.

(Testimony of Spencer A. Earnshaw.)

Q. And the brushes rotated to expel the material in a flat stream, didn't they?

A. The stream wasn't flat.

Q. Well, did they expel it in a stream, so that we don't get into an argument?

A. The stream seemed to funnel out. It seemed to spread out, to travel.

Q. That is the same operation you saw the other day with the rubber brushes, wasn't it?

A. Well,——

Q. "Yes" or "No," Mr. Earnshaw?

The Court: Just a minute. Just give the man a chance, Mr. Mellin.

Mr. Mellin: I am sorry.

The Court: He is thinking, and besides he doesn't have to answer "Yes" or "No." He can answer, if he can, and then explain it.

The Witness: Well, as I recall, the stream the other day was rather thin, and it was going straight, and it didn't go very far. The machine, when I saw it in 1944, which is a long time ago, the pipe was probably six feet or so away from the machine, and you could see the stuff travel. You could even look at the rocks and watch them bounce and fly around, and the coating produced was in waves, it was in [51] rows. And I often wondered why they couldn't straighten that coating up.

This coating today is a different coating entirely. It is more of a smooth coating.

Q. Will you take a look at this drawing and see

(Testimony of Spencer A. Earnshaw.)

if this does not represent the Brend machine that you saw in 1944?

A. This would represent it with some changes, yes.

Q. Now, at that time they mounted the pipe along side of the Brend machine and rotated the pipe as the Brend machine traveled longitudinally of the pipe, didn't they? A. That is right.

Q. Just like they do today?

A. That is right.

Q. Now, I show you, and I know you are familiar with it, a copy of Patent 2,380,499, and ask you if that does not accurately depict the Brend machine which you saw in American Pipe in the year 1944?

A. This would be very close to the machine we saw in those days. This would be very close to the machine that we saw.

Q. You have seen this patent before?

A. Yes, I have seen this patent before.

Mr. Mellin: I will offer that patent in evidence, your Honor, as Defendant's Exhibit B. [52]

The Court: Patent No. 2,380,499, Defendant's Exhibit B. Offered in evidence, is it?

Mr. Mellin: Offered in evidence.

The Court: It may be received.

The Clerk: B identified and in evidence.

(The document referred to was marked Defendant's Exhibit B, and received in evidence.)

[See Book of Exhibits.]

Q. (By Mr. Mellin): Now, you were told at the

(Testimony of Spencer A. Earnshaw.)

time of that license agreement that American Pipe had bought patent rights or the license to some of the Brend patents, were you not? A. No.

* * * * *

Q. But you understood that they had acquired them, in any event? A. That is right.

Q. And you never made any contention that any royalties were due you on the Brend machine using wire brushes, did you? A. No, I did not.

Q. Now, the first time that you claimed royalties was when they substituted rubber brushes in the same Brend machine [53] for wire brushes, isn't that a fact?

A. When they substituted rubber rollers for the wire brushes.

Q. And that is the time when you said, "Now, I patented that and that belongs to me," is that correct, in substance?

A. That is when I said I had the patent on application, and they were using it, and I wanted to be paid my royalties for it.

Q. In other words, your complaint was that they were using rubber rollers in lieu of wire brushes; isn't that correct? A. That is right.

Q. And nothing else?

The Court: Now, had you demonstrated this new machine with rubber anywhere to them?

The Witness: No, I had not demonstrated it to them. [54]

* * * * *

(Testimony of Spencer A. Earnshaw.)

The Witness: I had disclosed the rubber tires to the American Pipe in 1948.

The Court: When?

The Witness: When these men came to my yard.

The Court: That is the first time I have heard that. You had better go ahead and testify about that.

Mr. Wright: It was testified to, however, this morning, your Honor.

The Court: All right. Go ahead.

Q. (By Mr. Mellin): So then the Brend machine was only changed in one particular, and that is when these rubber rollers were substituted for wire brushes, isn't that correct?

A. That is right.

Q. All right. Now, what is the difference to your mind, what is the improvement involved in substituting from wire to rubber, Mr. Earnshaw? What do you contend is the improvement?

A. Well, the rubber has a yielding value. Rubber,—you can push it in like you can your flesh.

Q. Wasn't the same true with the wire brushes?

A. I do not believe so.

Q. Did you ever press them in, and try it? [55]

A. Wire does not have the yielding effect of a rubber roller.

Q. All right. What other advantage was there?

The Court: Which of your patents or improvements gives you the exclusive right to use the rubber?

(Testimony of Spencer A. Earnshaw.)

The Witness: This here (indicating).

The Court: Which one do you claim?

The Witness: This one here (indicating).

The Court: '943. Which of the claims uses the material, or specifies the material?

The Witness: Let me see. "A machine for applying particled material"——

The Court: Don't read it to me. Just point it out to me.

The Witness: "with a resilient surface, a second drum providing an opposing surface to the first drum means for rotating the second drum."

There was a surface there of rubber. That was the resilient material.

The Court: That is all I wanted to know.

The Witness: We have several claims there.

The Court: All right. [56]

* * * * *

Q. (By Mr. Mellin): When they changed the Brend machine at American Pipe, except that they substituted rubber for wire brushes, there wasn't one other iota of change made in the Brend machine, was there, to your knowledge?

A. I think there was.

Q. What?

A. In the feeding of the worm. I think there is a change.

Q. In what way?

A. Well, they seemed to have a bar or shaft, or something, to spread the material out, so that the brush don't wear down like it used to.

(Testimony of Spencer A. Earnshaw.)

Q. I see. Now, was there any different result in coating pipe obtained by American Pipe, to your knowledge, when they substituted rubber for wire?

A. They substituted for the wire after they became acquainted with my rubber rollers.

Q. All right. Now, we will get to that. You say you had two airplane tires mounted up in your garage that you showed American Pipe. Now, as a matter of fact, they came out there at your solicitation to look at a perpetual motion [59] machine, didn't they?

A. They came out at my solicitation, yes.

Q. To look at a perpetual motion machine; isn't that correct? A. That would be correct.

Q. All right. Now, at that time you showed those two tires that you had mounted to Mr. Ad. Butler, who is in the room here, didn't you?

A. They happened to see the two tires in the yard, and asked me what it was.

Q. Mr. Butler did the asking?

A. That is right.

Q. All right. Now, at that time didn't Mr. Butler tell you that they were already using rubber coated rollers in the Brend machine?

A. No, he did not.

Q. That meeting was in 1948, about April of 1948, wasn't it?

A. Like I say, I didn't put the date down as to what date they were there, but there were four of them there.

(Testimony of Spencer A. Earnshaw.)

Q. There was Mr. Howard Jenkins, Mr. Fred Jenkins, Mr. Whiting, and Mr. Butler?

A. I think you are right.

Q. And they came out to see this perpetual motion machine, and you spoke for a minute about these tires to [60] Mr. Butler; isn't that correct?

A. Mr. Butler asked me what it was, and I said, "That is another device I am getting a patent on."

* * * * *

Q. All right. By the way, referring to your patent '329, that was a belt machine which you designed primarily for plastering the walls of buildings, wasn't it?

The Court: Is that the one that is called "Plastering Apparatus"?

The Witness: Yes.

Mr. Mellin: Yes.

The Court: I am just trying to keep track of them.

The Witness: I have quite a way of looking at things probably different than anybody else, and when I got the [61] patent, or when I got to the Patent Office I found I had to catalog or had to classify an invention. Any one of these inventions can be used for other uses besides just putting a little plaster on a wall, or something like that.

Q. (By Mr. Mellin): But that is what it was primarily invented for?

A. That was the classification we called it, yes.

Q. To plaster walls of buildings?

(Testimony of Spencer A. Earnshaw.)

A. That is right.

Q. And that is why you had a long belt which is pivoted so that you could raise the discharge end vertically along the walls; isn't that correct?

A. I had a belt there to be raised and lowered, so that you could throw material on the walls, yes.

Q. Now, in the '329 machine, you had two belts, but the material was delivered from the hopper on one belt, and then from that belt it was discharged on to a second belt, and from that second belt was discharged on to the wall; isn't that correct?

A. In that machine I have, the first belt you speak of has a belt above it.

Q. That's right.

A. Which gives the material the velocity of the belt.

Q. And which the patent says, doesn't it, is to smooth the material off on the belt? [62]

A. That is the way it is worded, yes.

Q. Yes. And that is the reason for the overlying belt on the second belt, too, isn't it?

A. To give the material the velocity, yes.

Q. And to flatten it out along the belt; isn't that correct? A. Yes, it has that purpose, too.

Q. All right. Then you also provide a means for putting a pattern on this plaster as it comes out along that second belt?

A. That is right. That was something I figured out, too.

Q. Then you also have a means of heating that

(Testimony of Spencer A. Earnshaw.)

material on the belt, if you want to use something besides the ordinary mortar?

A. That is correct.

Q. All right. The Brend machine doesn't use any of those features, does it?

A. Plastic material or plaster material is something that you use for one kind of coating, and a heated material probably another kind of coating. I tried to use the thing for whatever it could be used for.

Mr. Mellin: You didn't answer my question, Mr. Earnshaw. Would you read him the question, please?

The Witness: The Brend machine throws the mortar, yes. [63]

Q. (By Mr. Mellin): That is the only thing they have in common, they both throw mortar on to some object? A. Well, that's right, yes.

Q. All right. And in your machine you do it by means of a belt, and in the Brend machine they do it by means of rotating rollers?

A. The belt does the throwing, yes.

Q. And in the Brend by a couple of rotating rollers? A. By the wire brush.

Q. All right. Now, you never contended prior to the time that your '943 patent issued, you never contended that the Brend machine with the wire brushes came within your '329 patent, did you? ;

A. No.

Q. And you don't make that contention now?

(Testimony of Spencer A. Earnshaw.)

A. No, I don't.

Q. And you never expected royalties on the Brend machine, did you, with the wire brushes?

A. Not with the wire brushes.

Q. All right. Then the only time that you started to complain about royalties was when they substituted rubber coated rollers for the wire covered rollers; isn't that correct?

A. I believe that I invented the rubber surface rollers, and I spent my money for that purpose, in believing that I was right, and if I made a mistake in trying to get a patent [64] on rubber rollers, that is something I can't help. But I actually figured that the rubber rollers was something that I invented, because I realized that there was a difference between rubber rollers and wire brushes.

Q. I would like to get that difference,—anything that you can support by any tests you made.

A. The velocity, you can drive the rollers at various speeds, and there is the question of wear and tear. Now, in a statement from the Pipe Company, they say that they will throw more cubic yards of material,—I forget whether it was 400 cubic yards more from the rubber rollers than they will from the wire brushes. [65]

* * * * *

The Court: All right. Let me ask you this question: Did any of the machines they ever used have any other element contained in any of your patents except the rubber substitution for the brushes?

(Testimony of Spencer A. Earnshaw.)

The Witness: No, I don't think that they had.

The Court: All right.

Q. (By Mr. Mellin): Now, in your patent '943, Mr. Earnshaw, you have a reciprocating pusher plate to push the material between the rollers. The Brend machine doesn't use that, or American doesn't, does it?

A. No, I don't believe they do.

Q. And you have a deflector roller in Figure 1 for deflecting material up and down, or at angles to the wall. The Brend machine doesn't use that?

A. No. This was a device to be used at different times. You could coat from the machine without using it.

Q. All right. Now, the rollers in your patent [66] '943, together with the hopper, are in a sort of an auxiliary frame which is pivoted to the main frame of the machine; isn't that correct?

A. Would you give me that question again?

Q. The hopper and the rollers in your '943 patent are mounted in a pivotal frame, a frame that can swing, isn't that true?

A. It can be held stationary,—in a position stationary, and it also can be pivoted, or raised and lowered, and moved along the long way.

Q. All right. The American machine does not use that, does it?

A. No, I don't believe it does.

Q. All right. Now, isn't it a fact, Mr. Earnshaw, that the only claim to fame of rubber over wire is the fact that the more abrasive qualities of the—the

(Testimony of Spencer A. Earnshaw.)

abrasive resistant qualities of rubber could make those rollers last a little longer in actual use?

A. There is the wear,—the resistance of the rubber, the resiliency of the rubber, and there is the ability of the rubber to bend and then assume its surface again.

Q. What is your definition of “resilient,” Mr. Earnshaw, as you use it in your patent?

A. Something that is pliable.

Q. Something that is pliable and has the [67] ability to rebound?

A. I am referring to a surface.

Q. All right. Let’s call it a resilient surface. What is your definition of a resilient surface?

A. Well, like I say, it can be a composition of rubber of various kinds of material that have that resistance to wear. I was trying to get something that would really stand up. I have been around the cement guns, and I know the nozzles wear, and I know that there is different drawbacks to these different kinds of machines, and I figured that the rubber was the ideal product to use, and that is what I thought I was getting the patent on, was the rubber or the resilient surface to throw it, for the rollers. [68]

* * * * *

Q. All right. Let’s go into that. Originally you gave them an exclusive license, didn’t you?

A. Yes.

Q. All right. Then when you came to them and

(Testimony of Spencer A. Earnshaw.)

said that you had an opportunity of licensing the Gladding-McBean Company under the patent, at your telephone request they wrote you a letter and gave you the permission, didn't they?

A. They said if I could get an agreement, they would give me six months time to get an agreement for throwing clay, [69] that they were not interested in throwing clay, but to make pipe.

Q. All right. Now, you came to them and said you had an opportunity of licensing United Concrete Pipe under your patents, and would they give you the right to license them without any compensation to them, and they did so, didn't they?

A. Concerning the United Concrete Pipe, American and United Concrete had a conversation, and again, as I understand it, United Concrete wanted to use the American Pipe coating machine, and they submitted the copy of my patent to them, and said, "If you will pay Earnshaw this royalty, you can have this device."

Q. And they subsequently gave you free permission to make any deal you wanted with them, under the patent?

A. No, they wouldn't release me entirely. They gave me a letter saying that as long as the United had full control of the patent, they would release, but the way the letter was written, I interpreted it to mean that they would have control if I didn't do business with United Concrete Pipe.

Q. All right. I will read you two letters. This is dated October 30, 1947:

(Testimony of Spencer A. Earnshaw.)

"Mr. Spencer A. Earnshaw,
143 E. 77th Street,
Los Angeles, California

"Dear Mr. Earnshaw:

"We hereby authorize you to enter into a non-exclusive [70] license agreement with the United Concrete Pipe Company of Baldwin Park, California, for the use by them of an apparatus covered in your United States Patent No. 2168329 issued August 8, 1939 for a plaster machine and method.

"It is understood and agreed, between you and ourselves, that such non-exclusive license which you are to grant to the United Concrete Pipe Company, will in no way affect the rights which we have under our agreement with you dated February 8, 1944, for the use of said Patent.

"You are to furnish us with an exact copy of the non-exclusive license agreement which you execute with the United Concrete Pipe Company."

No restriction there, is there?

A. I was restricted in this respect, that I couldn't get away from them, where I could tell the United Concrete what they had to do.

The Clerk: The letter dated October 30, 1947, from the American Pipe and Construction Company to Mr. Earnshaw is marked as Defendant's Exhibit C. Do you offer this in evidence, Mr. Mellin?

Mr. Mellin: Offer it in evidence.

The Celrk: It is offered in evidence, your Honor. Is it received? [71]

(Testimony of Spencer A. Earnshaw.)

The Court: It may be received.

The Clerk: C in evidence.

(The document referred to was marked Defendant's Exhibit C, and received in evidence.) [72]

* * * * *

Q. (By Mr. Mellin): American Pipe and Construction Company never refused you the right to license someone else under your patent '329, did they, Mr. Earnshaw? A. Yes, sir.

Q. Who?

A. I had a chance to sign up with Non-Corrosive Pipe Company, and Mr. Jenkins said he didn't want them in competition.

Q. But they gave you the right to sub-license Lock Joint Company, too, didn't they?

A. I believe Lock Joint is a subsidiary of American Pipe.

* * * * *

Mr. Mellin: I am sorry, your Honor. I will offer this copy of the license agreement entered into between Mr. Earnshaw and United Concrete Pipe, in which they also agreed to pay a minimum royalty.

The Clerk: Is this offered in evidence? [73]

Mr. Mellin: Offered in evidence, your Honor.

The Court: It may be received.

The Clerk: Exhibit D, identified and admitted in evidence.

(The document referred to was marked Defendant's Exhibit D, and received in evidence.)

Mr. Mellin: I will offer a copy of a letter of

(Testimony of Spencer A. Earnshaw.)

June 6, 1949, to Spencer A. Earnshaw by American Pipe and Construction Company, authorizing him to enter into a non-exclusive license agreement with Gladding-McBean & Co.

The Clerk: Marked as Exhibit E, for identification.

The Court: It may be received.

The Clerk: E in evidence.

(The document referred to was marked Defendant's Exhibit E, and received in evidence.)

Mr. Mellin: I offer a copy of a letter of November 28, 1950, directed to Mr. Earnshaw by American Pipe and Construction Company, authorizing him to enter into a license agreement with Lock Joint Pipe Company.

The Court: It may be received.

The Clerk: Exhibit F identified and in evidence.

(The document referred to was marked Defendant's Exhibit F, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: I will offer a copy of the agreement which Mr. Earnshaw entered into with Lock Joint Pipe Company.

The Court: It may be received. [74]

The Clerk: Exhibit G identified and in evidence.

(The document referred to was marked Defendant's Exhibit G, and received in evidence.) [75]

[See Book of Exhibits.]

* * * * *

(Testimony of Spencer A. Earnshaw.)

Tuesday, March 26, 1957, 2:00 p.m. [76]

* * * * *

Q. (By Mr. Mellin): Mr. Earnshaw, in substituting the rubber covered brushes in the Brend machine for the wire brushes, [78] is it your contention that that improved the Brend machine?

A. I don't know whether the Brend machine is improved or not.

Q. Would you say that the addition of the rubber brushes in lieu of the wire ones had improved the Brend machine or its operation?

A. The only information I have along that line is that Mr. Jenkins said that he could use the rubber rollers, and he would get more work done for less money.

Now, I have experienced the driving of these rollers. You can drive them with a very small amount of horsepower, and you can drive them at various speeds, and the rubber lasts longer than any other thing that I know of.

Q. Would you say, then, that the use of rubber in lieu of wire was an improvement on the Brend machine?

A. I will say I don't know. * * * * * [79]

The Court: All right. Now, what I am going to ask you is: Do you know of any instance where they in using your machines have differentiated from your classical or authorized construction, and substituted rubber, or anything else, which you say they did with the Brend machine? [80]

* * * * *

(Testimony of Spencer A. Earnshaw.)

The Witness: I made the improvement on the belt. You have a belt and a roller, or two belts, and and in order to accomplish the throwing of the material, and still cut down the expense of building a machine, I found out that I could take and remove the belt,—you see, I have a belt and a roller, and I could remove the belt, and have two rollers, and that was what I figured was my improvement.

The Court: Did you ever see them use it on any of your machines?

The Witness: No, they never built any of my machines. They said they were going to build them.

The Court: They didn't build any of yours?

The Witness: They never built any belt machines.

Mr. Mellin: May I clear this question up, your Honor? We never built any machines except the Brend machines.

The Witness: All they did was take the rollers from my idea and put it into where the brushes fit. [81]

* * * * *

Mr. Wright: While we are talking about the Brend machine, could I ask you: You have no patent on the Brend machine, have you?

Mr. Mellin: Oh, yes. I mean we have the patent under which we are licensed, which is offered in evidence, in 1945.

Mr. Wright: You don't own it?

Mr. Mellin: No, we just have the license under it. [82]

* * * * *

(Testimony of Spencer A. Earnshaw.)

Q. (By Mr. Mellin): Taking your other two patents, Mr. Earnshaw, which are '942——

Mr. Mellin: May I have those patents?

The Clerk: Yes, Exhibits 5, 6 and 7.

(The documents were handed to counsel.)

Q. (By Mr. Mellin): (Continuing) That is No. 2,639,942 and No. 2,681,725. Is it your contention that American has used any of the things which you claim are improvements in those patents?

A. The elevator method in the device is used—was used at one time by them for, I don't know just how long a period, but they produced—they introduced the wire brushes into a machine that went up and down as an elevator, and coated pipe that stood on end.

Q. That was the Brend machine that worked vertically instead of horizontally?

A. I don't know if they invented it. I don't know whose machine that could be. It was manufactured over at American, I imagine.

Q. Is there anything else in these two patents '942 or '725 that they adopted and used on the Brend machine?

A. Well, we have the rubber rollers on the belt. We [83] have the rubber rollers on the belt.

Q. In other words, it comes right back to the rubber rollers again, doesn't it?

A. Yes, the rubber rollers are the things I have been working with on these different patents.

Mr. Mellin: That is all.

Mr. Wright: Mr. Mellin, so that we can get it

(Testimony of Spencer A. Earnshaw.)

straight in the record: American does not own the Brend patent, but simply has a license agreement to use it?

Mr. Mellin: I don't know if it is a license or agreement to use it, but I do know they have had since about 1942 the right for them to manufacture and use the Brend machine.

Mr. Wright: And that license agreement is with Brend or Hall?

Mr. Mellin: No, it would be with Lock Joint.

Mr. Wright: With Lock Joint?

Mr. Mellin: They are the owners of the Brend patent.

Mr. Wright: And you figure that is since 1942?

Mr. Mellin: I believe it was in 1942, because that is when we started building the Brend machines. [84]

* * * * *

Mr. Mellin: That is all.

Mr. Wright: Your Honor, during the course of the questioning you asked Mr. Earnshaw about these tires that he had when this was first used, and I don't believe you heard it when it was introduced, when he testified about it, and I have pictures here showing what was there.

The Court: I looked at them.

Mr. Wright: Did you see that?

The Court: Yes, I saw the pictures during the recess. I didn't look at them at the time.

Mr. Wright: You asked a question about it, and I don't know whether you had heard that or not.

(Testimony of Spencer A. Earnshaw.)

The Court: Yes, I looked at the pictures during the recess.

Mr. Wright: All right. Now, there was one matter I forgot to ask about. It is just one question.

The Court: All right.

Redirect Examination [85]

* * * * *

Q. (By Mr. Wright): And when he made you this offer, what did you say?

A. I said no, that I was entitled to at least my royalty under the contract, and I didn't want to get any less than that.

Q. All right. Then this was typed and handed you by Mr. Jenkins at the time,—

A. That is right.

Q. —after the discussion?

A. That is right.

Mr. Wright: I would like to have this marked and introduced in evidence as our next exhibit.

The Clerk: Exhibit 14. May it be admitted in evidence, your Honor?

The Court: It may be received.

The Clerk: 14 in evidence.

(The document referred to was marked Plaintiff's Exhibit 14, and received in evidence.) [87]

* * * * *

Q. (By Mr. Wright): Calling your attention to Defendant's Exhibit E, a letter from American Pipe to you in regard to Gladding-McBean, did you

(Testimony of Spencer A. Earnshaw.)

enter into any license agreement with Gladding-McBean? A. No, I did not.

Q. All right. You entered into one with the United Concrete Pipe Company?

A. That is right.

Q. And Lock Joint?

A. And Lock Joint Pipe in about 1950. I don't understand why they wanted that agreement with me, unless it was to have the advantage of the rubber rollers.

Mr. Wright: That is all.

Recross Examination

Q. (By Mr. Mellin): In connection with these negotiations you just referred to, isn't it a fact that even at a later date the American Pipe offered you and told you that as a nuisance value they would give you \$50.00 a month to get rid of this controversy on '943?

Mr. Wright: I object to that on the ground it is an offer of compromise.

Mr. Mellin: It is the same thing. [88]

The Court: So is this letter.

Mr. Wright: No, the letter is one in which they offered to take and pay these royalties.

The Court: No, this is the subject of this lawsuit, and related to its subject, so if he does not answer the question, I will strike out the offer.

Mr. Wright: I have no objection to him answering it, but I thought that was not an offer of compromise.

(Testimony of Spencer A. Earnshaw.)

The Court: Yes, so is this. It was an offer of compromise to recognize his claim. It was an offer to recognize his claim, which is an offer of compromise.

The Witness: I lost the question.

The Court: Read the question.

(The question was read.)

The Witness: I was talking to Mr. Edwards when this subject came up, and Mr. Edwards was president of the company at that time, and I wanted to sell to him the patent, and he said that he would give me \$50.00 a month for ten years, I think it was, and that's all he would do.

Q. (By Mr. Mellin): \$50.00 a month for ten years, and that's all he would do. And at a subsequent time to that you offered to sell this patent to him, didn't you?

A. Yes, I was wanting to sell it.

Q. And at all times American maintained, didn't it, that this '943 patent, and these others, did not come within [89] the license agreement?

A. They said they were using the rubber rollers,——

Q. I didn't ask you that.

A. ——and that they didn't have to pay me for it.

Q. Didn't they always maintain that the license agreement did not include your later patents; isn't that true? Wasn't that always their position?

A. The license agreement?

Q. That they were not licensed under your later

(Testimony of Spencer A. Earnshaw.)

patents by reason of the license agreement you entered into with them?

Mr. Wright: I object to that on the ground it calls for a conclusion, to maintain. He can state what was said and done, and I went into that.

The Court: He may be asked on cross examination if they made a positive statement, and not what they said. They may offer a categorical answer to a question, so that they may impeach him, by asking the same witness if that question was asked, and that is permissible.

Mr. Wright: That wasn't the question. He said: Did they not maintain? And I say that is a conclusion.

The Court: Let's substitute the word "say" instead of it. Read the question by substituting the word "say."

(The question referred to was read as follows: "Q. Didn't they always say that the license agreement did not include your later patents; isn't that true? [90] Wasn't that always their position? A. The license agreement? Q. That they were not licensed under your later patents by reason of the license agreement you entered into with them?")

The Court: All right. You may answer the question.

The Witness: I can answer it this way—let's see. I have lost it. Let's see. I don't know how to answer the question.

The Court: All right.

(Testimony of Spencer A. Earnshaw.)

Q. (By Mr. Mellin): Now, there was a meeting held at the American Pipe on this matter between yourself, Mr. Simpson, and the officials of the American Pipe Company, isn't that correct?

A. That is right.

Q. And didn't they, the American Pipe officials tell you and Mr. Simpson that these later patents did not come in, they were not licensed under these later Earnshaw patents, and they wouldn't pay royalties on them? Didn't they tell you that?

A. I don't recall those words just exactly like that.

Q. But the substance was that, wasn't it?

A. I am trying to recall that conversation now. They just maintained — they just said they didn't want to pay me any royalty. [91]

Q. Didn't they tell you that the license agreement did not include the later Earnshaw patents?

A. I don't recall that word "license agreement" being mentioned in our conversation.

Q. All right. I have a letter from your attorney, Mr. J. E. Simpson. You recall him?

A. Yes, I do.

Q. It is dated July 20, 1955, and it says this:

"On behalf of Mr. Earnshaw I am hereby advising you that we now understand that it is American's position that Earnshaw's patent No. 2639943 is not included within the License Agreement between American and Earnshaw dated February 8, 1944; that American does not claim, assert or understand that the said patent No. 2639943 is an

(Testimony of Spencer A. Earnshaw.)

improvement upon the Earnshaw patent No. 2169329, the subject of the said License Agreement, and further that Mr. Earnshaw is now and at all times since the refusal of American to pay the costs of patenting the latter patent has been, free to license others to manufacture, use and sell apparatus coming within the metes and bounds of Earnshaw's patent No. 2639943."

That is in substance what they told you at that meeting, isn't it?

A. Is there some more to that letter besides that letter [92] there? Is there another page?

Q. I will hand you the letter. (Handing document to witness.)

A. As I recall the meeting, we asked Mr. Edwards if — let's see. My mind keeps on jumping. I get a thought and I lose it.

We asked Mr. Edwards if the invention would be — if it was involved, and he said he didn't know, at a *later* he would give us the information on that.

There was a question came up about this involvement, and — oh, damn it, I have lost it — and he said that he wouldn't admit at that time.

Now, I think I asked him the question if he knew my patent would run several years longer than his, and he said he hadn't thought about that part of it.

Q. Mr. Fred Jenkins, who is in the courtroom, was in that meeting, wasn't he?

A. Yes, Fred was there.

(Testimony of Spencer A. Earnshaw.)

Mr. Mellin: All right. I will offer that letter in evidence.

Mr. Wright: What is the date of it?

Mr. Mellin: July 20, 1955.

The Court: All right. It may be received.

The Clerk: Defendant's Exhibit H, identified and admitted in evidence. [93]

(The document referred to was marked Defendant's Exhibit H, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: That is all.

Mr. Wright: Just a second. I have another letter here that I want to look at.

Have you got the original, Mr. Mellin, of a letter which was written by Simpson to your client, care of Mr. Edwards, dated June 2nd?

Mr. Mellin: I will put it all in. I have a letter of Mr. Simpson on the same subject dated December 21st,——

Mr. Wright: Wait just a minute. I just asked you a question.

Mr. Mellin: Yes, I have.

The Court: Don't give the substance. If counsel asks you for a document, just show it to him. He may not want it after he sees it.

Mr. Wright: I want to introduce a letter which counsel produced, from J. E. Simpson, dated June 2, 1955, which I won't read, but which relates to the conversation or conference held on February 2, 1955, as the next exhibit.

The Court: All right. It may be received. You

(Testimony of Spencer A. Earnshaw.)

know it is not necessary even in the trial of a case before a jury to have the instrument read immediately into the record. I can look at it and read it, and then in the argument you can read it to me. It is in the record, and it is transcribed, [94] whether you read it or not. Some impression has arisen, and I don't know where it comes from, that when a document is offered it has to be read into the record, too. That is not the rule, and I have never known it to be the rule.

Mr. Wright: I don't understand it is the rule, but it is done frequently because a lot of judges don't read all of these things. I know you do.

The Court: I am not a lot of judges.

Mr. Wright: I know. But we all get out of the habit of it, and we have to go by the average.

The Clerk: Plaintiff's Exhibit 15 identified and admitted in evidence.

(The document referred to was marked Plaintiff's Exhibit 15, and received in evidence.)

The Court: When I try a case before a jury, I even read depositions sometimes between sessions in order to save time. I will look at it.

Mr. Wright: Now, your Honor, I want to introduce in evidence a letter dated June 13, 1955, from American Pipe and Construction Company, Mr. Edwards, president, to Mr. J. E. Simpson, referring to the letter of June 2nd.

The Court: That is an answer to it. All right.

(Testimony of Spencer A. Earnshaw.)

The Clerk: Plaintiff's Exhibit 16 identified and admitted in evidence.

(The document referred to was marked Plaintiff's Exhibit 16, and received in evidence.) [95]

Mr. Wright: That is all.

Mr. Mellin: No further questions.

The Court: You may step down.

* * * * *

FRED F. JENKINS

called as a witness under the provisions of Rule 43(b) of the Federal Rules of Civil Procedure, having been first duly sworn, testified as follows:

The Clerk: What is your full name, sir?

The Witness: Fred F. Jenkins.

The Clerk: Thank you.

Mr. Wright: I didn't hear the first name.

The Clerk: Fred F. Jenkins.

The Witness: That is right. [96]

Direct Examination

Q. (By Mr. Wright): Mr. Jenkins, what is your occupation?

A. I am vice-president of production for the American Pipe and Construction Company.

Q. And how long have you held that office?

A. About seven years.

Q. How long have you been connected with the American Pipe and Construction Company?

A. About thirty years. Since 1926.

Q. Now, being in charge of production, you are

(Testimony of Fred F. Jenkins.)

familiar with the production of coated pipe, are you? A. That's right.

Q. That comes under your supervision, does it not?

A. I am not a mechanical engineer, but I am familiar with what it does.

Q. With what goes on. Now, how many coating machines does the American Pipe and Construction Company own for coating pipe?

A. We have one at Portland, which uses rubber brushes.

We have two at Hayward, one with rubber brushes and one with wire brushes.

We have three at South Gate, two with rubber brushes, and one with wire brushes.

We have one at San Diego with rubber brushes.

We have one in Alamagordo with rubber brushes.

Q. Where was the last place?

A. Alamagordo, New Mexico.

Q. Now, I was talking about coating exterior surfaces. It is not inside coating?

A. That's right. You can't use the machines for interior.

Q. Then how many rubber brushes does that make?

A. Let's see. That would be——

Q. Rubber rollers, we will put it.

A. I believe that is five, isn't it? It is six.

Q. Six with rubber rollers? A. Yes.

Q. And how many wire?

A. It would be three, then.

(Testimony of Fred F. Jenkins.)

Q. Three. At the Los Angeles plant you have one wire brush machine? A. That is right.

Q. And two rubber? A. That is right.

Q. Now, about what percentage of the coating is done with the rubber rollers?

A. Oh, that would be hard to say. I would say that probably in proportion to the number of machines. I am not sure of that. I have never checked it. [98]

Q. Well, isn't it a fact that about 80 per cent of your coating is now done with rubber rollers?

A. It might be, yes.

Q. Now, there is an advantage to using the rubber rollers, is there not, in the coating of pipe?

A. Well, in some places the boys feel so.

Q. What?

A. In some plants the boys feel so. In our Portland plant we use wire altogether. We don't have any rubber up there, and they make the same product as we do in the other plants.

Q. Are you purchasing wire brushes now for the Los Angeles plant, or just using the ones you had on hand?

A. No, we purchase them as we wear them out.

Q. Those wire brushes wear out quicker than the rubber rollers, do they not?

A. It depends on how they are set.

Q. Well, you have to be more careful with the setting of the wire brushes, do you not,—leave more tolerance so that rocks or hard substances can go through without sticking?

(Testimony of Fred F. Jenkins.)

A. No, it is the other way around. You have to be more careful on the rubber brushes, and we have also put up screens, to screen out any rocks, to keep them from going in between the rubber. They will burn a ridge right around [99] the rubber rollers.

Q. But I was asking about the tolerance, though. Is it not a fact that the tolerance on the wire brushes is greater?

A. No, as near as I know—Mr. Butler could probably answer this better, but as near as I know the tolerance or the clearance between the rubber rollers is the same, whether you have it in rubber or whether you have it in wire.

Q. I see. You don't operate these yourself, then, do you,—any of these coating machines?

A. No, I don't. They come under my direction, but I do not operate them.

Q. Now, the rubber brushes or rubber rollers last longer, do they not?

A. As I stated before, it depends on the operation, on how careful you set the brushes.

Q. Well, these rubber rollers can be regrooved, can't they, and used over?

A. That's right, and so can the——

Q. Well,——

Mr. Mellin: Let him answer.

Mr. Wright: Excuse me. Pardon me.

Mr. Mellin: Go ahead, Mr. Jenkins.

The Witness: You wear off so much of a rubber or a wire brush. Then if you change the speed of that brush, which we are trying to maintain at a

(Testimony of Fred F. Jenkins.)

certain speed, you have to [100] change the gearing is the only reason for discarding any one, regardless of whether it is rubber or wire.

Q. My question was: You can re-groove the rubber rollers and use them again?

A. That is right.

Q. And you can do that twice, can't you, so that they can be used three different times?

A. I believe so. I am not positive whether it is two or three.

Q. The brushes, when they wear down, you groove them?

A. When they get to the same size that the rubber would be when you wear them out, then you have to change on account of size.

Q. You can handle more yardage with the rubber rollers, can you not? A. No.

Q. You purchase the rollers yourself, and that is under your supervision?

A. That is right. They are purchased by our purchasing department on the production department's orders for brushes.

Q. Do you know the cost of the bristles for the brushes, the wire brush rollers?

A. No, I don't, only in an offhand way, but it has been figured out. One plant will tell you that they can coat pipe cheaper with wire brushes, and the other one will say that [101] they can do it better and cheaper with rubber.

Mr. Wright: That is all from this witness.

(Testimony of Fred F. Jenkins.)

Cross Examination

Q. (By Mr. Mellin): On these machines that you coat pipe with, you have the Brend type, the Brend machine?

A. That is all we have is the Brend type.

Q. When was that first commenced to be made by American?

A. I believe it was in '42, or somewhere in there. I am not just sure.

Q. And except, leaving out the rubber versus wire brushes,—

A. That is right.

Q. —to your knowledge, was any change made in those machines other than that since 1942?

A. No basic change.

Q. Merely the one change of substituting rubber brushes for wire brushes?

A. That is right.

Mr. Mellin: That is all.

The Court: When was that done, if you remember? Was that done in 1944?

The Witness: No, that was done in early—late '47 or early '48, in that period. [102]

The Court: Late 1947 or early 1948. Just a moment. All right.

Q. (By Mr. Mellin): One more question, Mr. Jenkins. Do you know the reason why rubber started to be used in late '47 or early '48 in lieu of wire?

A. On account of the war. During the war we were not able to purchase the type of wire brushes that we wished to buy. There is difference in the

(Testimony of Fred F. Jenkins.)

wire brushes. You have to have the right gauge of wire in the brushes in order to make them work satisfactorily, and it was hard to do. So we started in to try to protect the wire by using a rubber substance.

Q. I show you a wire brush, and ask you if that is the type you used? A. That is right.

Q. They were stacked endwise into a roller?

A. That is right.

Mr. Mellin: May I offer that in evidence.

This is one that is worn down, Mr. Jenkins?

The Witness: That is right.

Mr. Mellin: I will offer that in evidence.

The Court: All right.

The Clerk: This is Defendant's Exhibit I identified and admitted in evidence.

(The object referred to was marked Defendant's Exhibit I, and received in evidence.)

Q. (By Mr. Mellin): The rubber rollers that you are now using are made up of rings of rubber of this type? A. That is right.

The Court: Let me look at it.

(The exhibit was examined by the court.)

Q. (By Mr. Mellin): Now, is there any difference in the product resulting from the use of rubber or wire brushes, that is, the pipe coated by the two, Mr. Jenkins?

A. No. The tests that have been run on our product, and we are required to make, so far as the engineers that we sell this pipe to are concerned, are identical.

(Testimony of Fred F. Jenkins.)

Q. To your knowledge, was there any change in the rotating speeds or the peripheral speeds of the brushes? May I strike that.

In the wire machines and the brush machines that you now have, do you know whether or not there is any difference in the peripheral speeds of the two brushes?

A. So far as I know, they are the same.

Q. Identical? A. Identical.

Mr. Mellin: That is all.

The Clerk: Are you entering both of these?

Mr. Mellin: Yes, I would like to offer this other one, your Honor.

The Clerk: J is identified. It is admitted in evidence, [104] your Honor?

The Court: It may be received.

The Clerk: J in evidence.

(The object referred to was marked Defendant's Exhibit J, and received in evidence.)

Mr. Wright: Just a moment. I am not through yet.

The Court: Just a minute.

Redirect Examination

Q. (By Mr. Wright): Now, since the war is over, you did not go back exclusively to the wire brushes, did you?

A. Only in the Portland plant, I believe, is the only plant.

Q. Well, you never had rubber brushes up there, did you?

(Testimony of Fred F. Jenkins.)

A. At one time, yes, I believe for a short while. I am not positive of that, however.

Q. Well, then, what was it in the wire that didn't hold up so that you wanted to coat it, as you have testified? A. Well, to stop the wear.

Q. In other words, they wore faster, and to prevent wear you wanted to coat them with rubber; is that it? A. That is right.

Q. And that rubber coating that you put on, that wore [105] off, too, didn't it?

A. Anything that you put on wears off, yes.

Mr. Wright: That is all.

Mr. Mellin: That is all.

(Witness excused.)

Mr. Wright: I would like to call Mr. Butler under the same section.

ADOLPH G. BUTLER

called as a witness under the provisions of Rule 43(b) of the Federal Rules of Civil Procedure, having been first duly sworn, testified as follows:

The Clerk: What is your full name, sir?

The Witness: Adolph G. Butler.

The Clerk: Adolph G. Butler, called pursuant to Rule 43(b).

Direct Examination

Q. (By Mr. Wright): Mr. Butler, what is your occupation? A. I am an engineer.

Q. For whom?

A. American Pipe and Construction Company.

(Testimony of Adolph G. Butler.)

Q. How long have you been such?

A. As an engineer about—let's see—about 22 years.

Q. How long have you been with the company?

A. About thirty years with the company.

Q. Now, did these coating machines come under your supervision?

A. The construction of them, and much of the operation did, yes.

Q. When did you start using the wire brush for the coating of pipe?

A. We built our first machine in February of '43.

Q. The American Pipe and Construction Company did not buy or acquire a machine already put up, did they?

A. No, we did not. We built it.

Q. You built your own machine there, did you?

A. Yes, sir.

Q. And you built that before you had any license, did you, from Lock Joint?

A. I can't answer that question. I wasn't connected with the official end of it; only the mechanics.

Q. Was that built all at one time or a little at a time? A. It was built all at one time.

Q. Now, when you built it, you built it with wire brushes? A. We did.

Q. Were they the same kind of wire brushes that were introduced in evidence here? [107]

A. Virtually the same, yes, sir.

(Testimony of Adolph G. Butler.)

Q. And those wire brushes are put together, are they, to make one long brush, you might say?

A. Assembled on a shaft to make the brush of any desired length.

Q. When did you start using rubber rollers in connection with a pipe coating machine?

A. We first started working with them along towards the end of 1947.

Q. Then were you using the wire brushes up to that time, or were you experimenting with coating them?

A. We were working with coating them at the time.

Q. What were you doing in connection with coating the wire brushes?

A. How we were doing it?

Q. Yes.

A. We were dipping them in a rubber solution, attempting to bond rubber to the individual wires.

Q. Why did you do that?

A. We felt it might improve the life of the wire brush by doing that.

Q. Improve it? A. We felt it might.

Q. In what respect? Longer wear?

A. We are always looking for longer wear. [108]

Q. That was the sole purpose, wasn't it?

A. Anything that would prolong the life is desirable, yes.

Q. And that was why you were putting the rubber coating on it? A. That's right.

(Testimony of Adolph G. Butler.)

Q. Now, you found that the rubber would outlast the wire brushes?

A. At that time it didn't indicate the fact that we were improving them very much, no.

Q. Well, you continued to do that, though, to dip them or coat them, didn't you?

A. We continued to try various methods of coating them.

Q. Yes. None of them worked very well, did they?

A. None too well.

Q. The coating split, did it not?

A. It had various factors that were—nothing resulted in a very great improvement over what we already had.

Q. So when was it, then,—how long did that continue, trying to improve the wire brushes? Was that from 1943 up to the last of '47?

A. No. We didn't start—we didn't actually start ourselves to try using rubber until some time in '47.

Q. Well, but in the meantime you were coating with rubber, were you,— [109]

A. No.

Q. —the wire brushes? A. No.

Q. So you didn't try to experiment at all until the latter part of '47?

A. The latter part of '47, somewhere along in there.

Q. That is when you started to do the coating with rubber? A. That's right.

(Testimony of Adolph G. Butler.)

Q. Then how long did that last?

A. That lasted up until late in 1948, probably.

Q. Late 1948. Then you switched over to rubber then, did you, at that time?

A. Gradually, back and forth.

Q. Well, when did you first start to use all rubber rollers or brushes?

A. It was a matter of probably two or three years before we went exclusively, or went mostly, the greater percentage of it, to rubber.

Q. You mean two or three years after 1949, or when? A. After '48 or '47.

Q. 1948? A. Somewhere in there.

Q. When would that be,—1950 or '51?

A. Probably it would be. When we decided it was probably desirable, and we thought we were doing a better job, or thought we had improved it some at that time.

Q. In other words, the rubber rollers you thought did a better job; is that right?

A. We thought so, yes.

Q. Well, you just had the one rubber roller machine then at first, did you?

A. At first only the one machine.

Q. Then after that you built these other rubber roller machines, did you?

A. We built the machines and put rubber rollers on them.

Q. Those were built then after around '50 or '51,—the others?

A. These machines we have have been produced

(Testimony of Adolph G. Butler.)

over the years. I don't know just the rate at which they have been produced.

Q. Well, in any of these other plants—I withdraw that. The first one you used rubber on was at the plant here in Los Angeles?

A. At the South Gate plant.

Q. Yes. What did you do between 1943 and 1947? What did you use then?

A. We used wire exclusively.

Q. Wire rollers?

A. We used wire exclusively; wire brushes.

Q. That was during the war, wasn't it?

A. That was.

Q. So you had wire brushes during that period?

A. Yes, under very difficult conditions.

Q. But you didn't get the rubber brushes because of the war, then, did you?

A. We had difficulty getting them. We didn't have many machines, either.

Q. You weren't using rubber at all during that period?

A. No, we weren't using rubber, and very little wire.

Q. All right.

A. We didn't have much use of the machines at all during the war.

Q. Well, you were coating pipe during the war, weren't you?

A. A very slight amount.

Q. Rather heavily, weren't you?

A. No, a very slight amount. Only as the Navy required it, which gave us permission to get the brushes we needed.

(Testimony of Adolph G. Butler.)

Q. Now, these rubber rollers last longer than the wire, don't they?

A. No, they do not.

Q. Well, don't you get more use out of one rubber roller than you do out of one wire brush?

A. I have just completed the research since this controversy started, and I find that that is not the case. [112]

Q. Well, you re-groove the rubber rollers, don't you? A. Yes, we do.

Q. And you do that twice, don't you?

A. We can do—occasionally we can do it twice. Not often.

Q. And you coat your big pipe, your big jobs with the rubber rollers, don't you?

A. We do now, yes, sir.

Q. And down at this plant you don't coat big pipe on the big jobs with the wire brushes, do you?

A. We don't, but we could just as well.

Q. I say, you don't?

A. No, we don't right now.

Q. And you prefer to use the rubber?

A. Maybe now we do, yes, sir.

Q. Well, you know you do, don't you?

A. I say we may change very quickly. We made some startling discoveries here recently.

Q. What?

A. I say we made some startling discoveries here recently, and we may change.

Q. You may change all to rubber?

A. All to wire.

(Testimony of Adolph G. Butler.)

Q. All to wire. Well, until you made the discoveries, you swung over to rubber,— [113]

A. Yes.

Q. —did you not? A. Yes, we did.

Q. Well, at first, when you started in on the rubber, you didn't have discs,—rubber rollers on discs, did you?

A. No, we used the wire brush as a base.

Q. As a base. Now, in this local plant here, is it not a fact that the coating you are doing now is about 80 per cent with rubber rollers?

A. That would be a good guess.

Q. And that would be about the same every place except in the Portland plant, where they only have the wire?

A. Possibly. It is just a guess, however.

Q. When you replace these rubber rollers, do you just put on a new rubberband on the disc?

A. Occasionally we do.

Q. That can be done?

A. We have to remove the old one first, which is difficult.

Q. You can just do, what I say, replace it?

A. The old one has to be removed first.

Q. Yes, but you replace it? A. Yes.

Q. Instead of buying an entirely new one?

A. Just the discs is all we save. [114]

Q. In a wire brush roller, you don't replace them yourself, do you?

A. We can wear it down to about six inches in diameter.

(Testimony of Adolph G. Butler.)

Q. Well, you don't replace them,—you buy new brushes, don't you? A. Yes, after——

Q. You don't replace them or try to save the old brush, or the disc?

A. Well, there is no disc.

Q. Oh, there is no disc on that. All right. Well, did you experiment as to how to compound the rubber on these rollers?

A. We didn't experiment, but Kirkhill did.

Q. Under your direction? You told them what kind of a rubber performance you wanted from the rubber rollers?

A. We asked them for optimum performance that they could give us.

Q. So gradually they have developed a rubber roller now that gives you good performance now, is that correct, for handling abrasive material? That is correct, isn't it? A. Yes, sir.

Q. And you are gradually discontinuing the brush coaters, aren't you?

A. No, we haven't changed our disposition of the brushes over a period of years now. [115]

Q. Well, maybe this will refresh your recollection, and I will read from your deposition.

A. Yes, sir.

The Court: I think, counsel, if you will refer to it—has the deposition been filed?

Mr. Wright: This is the original deposition, your Honor.

The Court: Has it been filed?

Mr. Wright: I would like to file it now.

(Testimony of Adolph G. Butler.)

The Court: It has to be filed.

Mr. Wright: And I have a copy.

The Court: Otherwise it is not official.

The Clerk: Do we have the original here?

Mr. Wright: Yes, the original deposition is here.

The Court: That will be filed. Then if you will just refer to the section, I am certain that counsel will agree that he made such statements, and then you can save time.

Mr. Wright: Yes. That is all I wanted to do, just to refresh his memory.

Q. Page 10, line 20:

“Q. Are you not gradually discontinuing the brush coaters?

“A. We are discontinuing the wire more or less, yes.

“Q. The wire brushes? “A. Yes.” [116]

You so testified, didn't you?

A. Yes, we discontinued them up to a certain point, and I find since that time that they have not changed. The same machines that had the wire brushes on two years ago still have them on, and the ones that we were using rubber on still have them on. That is since our search here just recently.

Q. Well, there is an advantage in favor of the rubber rollers over the wire brushes, then, isn't there? A. None.

Q. Well, I will call your attention to page 11, line 8:

(Testimony of Adolph G. Butler.)

“Q. There is an advantage in favor of the rubber rollers over the wire brush, isn’t there?

“A. Possibly a little in the life and possibly a little in the cost, but it is not very great.”

That was your answer, wasn’t it?

A. That was then based on our Los Angeles experience. As I say, since then I have information from the other plants which would alter that.

Q. This was taken on January 23rd of this year, when you testified. A. That’s correct.

Q. You mean since then you made a survey to try to find out whether or not you were correct?

A. The data that Portland brought to me was just brought [117] in in the last week, which has been accumulated over a period of years.

Q. Well, we didn’t have sound records, what we considered good records, from our Los Angeles plant, which only uses the brushes about 20 per cent of the time. We went to our Portland plant, which uses them 100 per cent of the time, and got their costs and operation characteristics.

Q. Your Portland plant has no rubber brushes at all, does it?

A. That’s right. That is why we based our costs on those.

Q. At Los Angeles you say you only use wire brushes about 20 per cent of the time?

A. That’s true.

Mr. Mellin: Wire brushes, or wire machines?

The Witness: I should say the wire brush machines.

(Testimony of Adolph G. Butler.)

Q. (By Mr. Wright): The wire brush machines?

A. The one that has the wire brushes.

Q. The wire machine is the one that has the wire brushes on it, isn't it?

A. That's right. Well, there may be a difference there.

Q. And the yardage, isn't it a fact that as to the yardage, you could do greater yardage with the rubber rollers?

A. Not according to the recent material I just got from Portland. There again I made the statement in my deposition [118] the same way, based on the Los Angeles experience.

Q. Then when you testified, all your testimony was based on the Los Angeles experience; is that it?

A. When I gave you my deposition, yes.

Q. The Los Angeles plant is the biggest one, isn't it,—that is, the Los Angeles outfit here?

A. In what way?

Q. In the output of the coated pipe?

A. No, I can't say that.

Q. Is there any other plant that has more coating machines with rubber rollers than in Los Angeles?

A. The Alamagordo plant probably. It hasn't any new machines.

Q. That is in Mexico? A. New Mexico.

Q. New Mexico. Did you get a report from it?

A. Yes, I did.

Q. Now, with these rubber rollers you gradually

(Testimony of Adolph G. Butler.)

changed the peripheral velocity from about 1200 to 7000 feet a minute, didn't you?

A. We did with the wire brushes first.

Q. Well, that was during the time you were experimenting with the rubber brushes, you increased that?

A. No, we increased it before that time.

Q. Now, with the wire brushes, if a rock or a hard [119] object goes through, it is apt to come out with great speed and is dangerous to the operators, is that not right?

A. You say with the wire brushes?

Q. Yes. A. Yes, it is.

Q. That is not true with the rubber?

A. No, it don't come out.

Q. So that is safer?

A. It is more costly, though. That's right.

Q. You don't have much slow down by reason of any rocks or hard objects getting in the rubber rollers, do you?

A. Only after we took the added precaution to always screen the material before it entered the machine.

Q. But you do that with both the brush and the roller, don't you?

A. Now we do, yes. It wasn't necessary to do it before.

The Court: All right, gentlemen.

Mr. Wright: Just one moment.

The Court: If you have reached a good stopping point, maybe if we have a recess now you can use

(Testimony of Adolph G. Butler.)

a part of it to check to see if you want to ask some other questions. So we will take a brief recess.

(A short recess.)

The Court: All right, Mr. Wright. Any additional questions? [120]

Q. (By Mr. Wright): The brush machine that you are using in Los Angeles, that is a small machine, isn't it?

A. They are all virtually the same size.

Q. Well, it does lesser work than the other machine, doesn't it,——

A. Yes, it is used less.

Q. ——when it is working?

A. It is used less.

Q. It works on a different principle, doesn't it?

A. No.

Q. Isn't it used for special work?

A. It is used on a different type of pipe, yes.

Q. Well, at page 15, line 8, I asked you,—no, line 5, or line 4:

“Q. That machine is a small machine?”

The Court: He may ask you a question on this, and if you want to, you may look at the original. Go ahead, but don't say anything, and if you want to, just watch it.

The Witness: I know pretty well what I said.

The Court: I don't know about that. Many people don't remember.

The Witness: Okay.

Q. (By Mr. Wright) (Reading):

Q. “That machine is a small machine?” [121]

(Testimony of Adolph G. Butler.)

A. Wait. Which line was that again?

Q. Just a minute. Line 4:

“Q. That machine is a small machine?

“A. It does a lesser amount of work but it is the same machine. They are all the same size.

“Q. Why does it do less work?

“A. It is the same size but it has a different principle. It is used for special work.”

Is that correct?

A. It is used for special work, yes. The different principle would not apply.

Q. Then that is not correct,—— A. No.

Q. ——that it had a different principle?

A. No.

Q. Now, is there a saving between the cost of operating, or cost of the rubber rollers and the wire brushes? A. Is there a saving?

Q. Can you remember that without reading it?

A. Well, now, I am trying to figure out. I don't quite get the statement.

Q. What is the difference, if any, in the cost of the rubber rollers and the wire brushes?

The Court: Are you asking him?

Mr. Wright: I am asking him a question now.

The Court: I had better take this away. I thought this was going to help him. This is creating confusion, so I had better take it away from him.

The Witness: Okay. I was wondering what you mean by the cost. Do you mean the cost per unit of production?

(Testimony of Adolph G. Butler.)

Q. (By Mr. Wright): The cost of buying them, or obtaining them?

A. The initial cost of the wire brushes are higher than the initial cost of the rubber brushes, yes.

Q. Well, there is a slight saving, isn't there, in the cost of the rubber brushes?

A. I don't know how to answer that. In the cost of operating the rubber brushes, do you mean? I don't follow your question.

The Court: Well, you know what cost is?

The Witness: The cost of producing?

The Court: You are an engineer, aren't you?

The Witness: I don't know what he means.

The Court: The cost,—does it ultimately result in a saving to use the rubber brushes rather than the others?

The Witness: That is what I was trying to get at.

The Court: He is talking in terms of cost accounting.

The Witness: The saving in the use of the material?

The Court: The saving in operation, the saving in results. [123]

The Witness: We thought at the time I made that deposition, there was, yes.

The Court: All right.

Q. (By Mr. Wright): And you thought the wire brushes cost more?

A. Yes, we thought that, and had assumed they had.

(Testimony of Adolph G. Butler.)

Q. All right. Now, what is the life of the rubber rollers, when you use them regularly?

A. By that you mean how much material do we put through them?

Q. Well, how much in cubic yards do you put through them until they are discarded?

A. I have it in pounds. We can put 449,000 pounds of material through before they are changed.

Q. That is the rubber? A. That's right.

Q. And what about the brush?

A. The Portland plant reported here just recently they put 665,000 pounds through the wire brushes.

Q. I am not talking about Portland. I asked you——

A. You asked me the wire brushes, or did you say the rubber again?

Q. The wire brushes.

A. The wire brushes,—that was their report.

Q. I am asking you for your information, and let me ask [124] you this, and call your attention to page 16, line 22:

“Q. What is the life of the rubber rollers when you regularly use them?

“A. We figure that they probably last for about 400 cubic yards of material.”

Is that right?

A. 400 cubic yards,——

Q. Let's stay in yards instead of feet.

A. I have to convert it to pounds. It would be

(Testimony of Adolph G. Butler.)

4,000 pounds, so it would be 160,000 pounds, wouldn't it, 400 yards? No, 1,600,000 pounds, yes.

Q. Let's stick with cubic yards because you testified about that. Now, did you testify:

"We figure that they probably last for about 400 cubic yards of material"?

A. Probably.

Q. Well, you mean, — "probably," you don't know whether you testified that way or not?

A. That was what the Los Angeles plant reported they could do, yes.

Q. Then that was what you said, was it?

A. Yes.

Q. Then the next question:

"Then you can recut them, can you not?"

And then did you answer, "That is with recut."

The Court: Counsel, I think it is getting confusing. The witness does not know whether you are repeating it. Counsel stipulates that you asked him that. I think I was responsible for the confusion by giving him the transcript. I think you can just give the page, and if I want to look at it, I may look at it, and then if you propound a question make it plain to the witness that you are doing it in view of that answer.

Mr. Wright: All right.

The Court: I thought we would gain time by having him have the transcript. Instead of that, it is creating confusion in the witness' mind, because you do not draw the line between what he testified to there, and what he is being asked here.

(Testimony of Adolph G. Butler.)

Mr. Wright: All right. I will ask a question, and not out of his testimony.

The Court: Not out of the book. All right.

Q. (By Mr. Wright): Now, is that 400 cubic yards of material before they are recut, or after?

A. That is the total life of the brush.

Q. The total life. And you cut them about three times as a rule?

A. Twice as a rule, and three times occasionally.

Q. Page 17, line 2:

“Q. How long do they last before they are recut? [126]

“A. We recut them about three times, as a rule; about one-third of their life.”

Is that right?

A. That is approximately right, yes.

Q. That is right. Now, what about the wire brushes, how long do they last? That is, I will put it this way: What is the life of the brushes when you regularly use them, as to the material put through?

The Court: He is asking you a direct question.

The Witness: Yes. I believe that I testified that it lasted about 300 yards.

Q. (By Mr. Wright): Yes. Then the wire brushes, doing the same work, would put through about 300 cubic yards; is that correct?

A. That's right. That has been altered since that deposition, however, but then that is right.

Q. What?

(Testimony of Adolph G. Butler.)

A. That has been altered since that deposition, however, but that is right.

Q. Well, you testified in the deposition——

A. Yes.

Q. ——to the best of your ability and the facts when you were asked the question? A. Yes.

Q. Did anybody tell you to check later, so that you could verify this?

A. We were checking at the time, but we didn't have the results from our Portland establishment.

Q. I see. So that you are relying on the Portland office that has no rubber at all?

A. That's right. That is the way I am basing my wire brush production on now, because I have it, and I didn't have it at the time of the other.

Q. But down here, with your rubber rollers,——

A. That's right.

Q. ——and your wire brushes, your testimony is correct? A. That's correct.

Q. As to this office here, and your plant here in Los Angeles?

A. As to this plant in Los Angeles, yes, sir.

Q. Do the wire brushes cost more than the rubber rollers? A. To operate?

Q. Initial cost? A. Yes.

Mr. Wright: That is all.

Cross Examination

Q. (By Mr. Mellin): Mr. Butler, talking about the machines counsel asked you about, were or were not those machines built pursuant to drawings you got from Lock Joint? [128]

(Testimony of Adolph G. Butler.)

A. Yes, they were.

Q. When were those drawings obtained?

A. Late 1943 or early '43.

Q. And all of the machines were built pursuant to those drawings?

A. Yes, sir.

Q. I show you a——

The Court: The date of the license agreement is 1947, is it?

Mr. Mellin: 1944, your Honor.

The Court: 1944. All right.

Q. (By Mr. Mellin): I show you a drawing which is a partial assembly drawing of a Brend machine, a blueprint, rather, and I ask you if that is one of the blueprints from which you built the Brend machines?

A. Yes, sir, it was.

Q. And that shows the brush assembly, does it?

A. Yes, it does.

Q. Now, except for the substitution of rubber brushes for wire brushes, has any change been made in the Brend machine during the years?

A. No major change, no, sir.

Q. What is a major change?

A. We have changed the power and the strength of some of the parts. [129]

Q. By "some of the parts," you mean the shafts?

A. The shafts, and the motor power.

Q. It still has the same feed means, does it?

A. The same feed means.

Q. And the same speeds?

A. Practically the same speeds, yes.

(Testimony of Adolph G. Butler.)

Q. In the machines at American Pipe using rubber, and those using wire brushes, is there any difference in the peripheral speed of the brushes?

A. None whatsoever.

Q. Is there or is there not any difference in clearance between the two brushes?

A. No, there is not.

Q. That is, the clearance is the same in wire and in rubber? A. Virtually the same.

Q. Is there any difference between the velocities of the material ejected against the pipe?

A. None that we can observe.

Q. And you testified that when going through a wire machine, a large piece of aggregate, such as a rock, would go through. Why is that?

A. The wires have the ability to wrap around the rock and extrude it.

Q. In other words, the surface yields to the rock? [130]

A. Yes, it yields, wraps itself around.

Q. And then the wire rebounds and throws it out? A. Yes.

Q. Now, what experience have you had of rocks going through the rubber rollers?

A. It is very injurious to the rubber rollers. Usually it lodges behind the rollers and cuts a groove in it before we can stop the machine.

* * * * *

Q. (By Mr. Mellin): Now, do you use these machines for [131] anything except coating pipe?

A. None whatsoever.

(Testimony of Adolph G. Butler.)

Q. Will you state any difference, if there is any,—

The Court: Let's find out: What kind of pipe do you coat? Large sewer pipe?

The Witness: No, they are ordinarily steel pipe which we coat externally with mortar.

The Court: Steel pipe used for what?

The Witness: Water pressure.

The Court: Such as the type you have in a water system?

The Witness: In a water main system, yes, sir.

The Court: A water main system?

The Witness: Yes.

Q. (By Mr. Mellin): And is there any difference in the result, the ultimate result of the coating between the wire machine and the rubber machine?

A. None whatsoever.

Q. Now, the only difference between the wire machine and the rubber machine is the fact that the rollers of one is made up of steel wires, such as you have described, and the other is rubber rollers?

A. That is all.

Q. Is there any difference at all in the mode of operation of the machine?

A. None whatsoever. [132]

Q. And any difference in function? A. No.

Q. Have you tried other materials other than rubber and wire?

A. Yes, we have tried plastic, which is no good at all.

Q. Why not? A. It was too soft.

(Testimony of Adolph G. Butler.)

Q. It wore out rapidly?

A. We used our own material, which we manufactured here at our South Gate plant, and it wasn't particularly qualified.

Q. And what was the fault with it,—the wear? Rapid wear? A. Fairly rapid wear, yes.

Q. Would it throw the material just as well?

A. It would throw the material, yes.

Q. What about steel rollers? Did you use steel rollers? A. Yes, we did.

Q. What did you find there?

A. The same thing. They worked satisfactorily, but they——

Q. But they brazed out?

A. They were not particularly better than what we were using, and there was no object in using them.

Q. When did you first hear of the use of the rubber rollers on the Brend machine? [133]

A. From Hugh Kennison back along in 1946 or '47.

Q. And who is Hugh Kennison?

A. He is the chief engineer for the Lock Joint Pipe Company.

Q. Do you know what success or lack of success they had with the use of the rubber brushes instead of the wire brushes?

A. They eliminated them, that's all I know, so they evidently were not satisfactory.

The Court: By the way, you asked the question,

(Testimony of Adolph G. Butler.)

and the answer was uncertain. Which did they eliminate?

The Witness: They eliminated the rubber.

The Court: Oh, the rubber.

Q. (By Mr. Mellin): To your knowledge, they use all steel brushes?

A. They use all steel brushes now.

Q. Did you happen to see a Lock Joint machine in Israel?

A. I never saw one there. I saw one that went to Israel, but I didn't see it in Israel.

Q. What kind of brushes did that have?

A. Wire brushes only.

Q. And have you seen their machines in Dallas?

A. Yes, sir.

Q. And what kind of brushes are they using?

A. They are using wire brushes. [134]

Q. Now, you hear Mr. Earnshaw testify that he showed you a couple of rubber tires mounted together in a garage?

A. Yes, I did.

Q. Now, were they inflated or deflated tires?

A. They were not inflated. They did not have any tubes in them at all.

Q. Now, when was that? Was it before or after you started to work on rubber yourself?

A. It was after I had started to work on it.

Q. And when was it,—before or after Mr. Kennison spoke to you about Lock Joint using rubber rollers?

A. It was after Mr. Kennison spoke to me about it.

(Testimony of Adolph G. Butler.)

Q. Considerably after, or not very much after?

A. Considerably after.

Q. Now, these ones that you dipped and coated with Latex late in 1947, as you testified, did that merely coat the wire, or did it form the wire and the Latex into a solid mass?

A. It formed it into a solid mass. It made it up with a rim on it, almost like this appeared here.

Q. Now, would they or would they not operate satisfactorily to discharge the material through them?

A. They would discharge the material all right.

Q. But they wouldn't last long? [135]

A. Well, I couldn't bond them to the wire. I mean, I didn't know the technique of bonding them to the wire.

Q. Did you subsequently discover it, or did someone else?

A. Kirkhill finally helped us out on it, yes, sir.

Q. And that was when?

A. That was in 1948, early.

Q. I hand you what appears to be a drawing dated 3-8-48, and a sketch dated March 5, 1948, and some notes attached to it. Would you tell us what they are?

A. This first one, dated March 5, 1948, was in preparation for an interview I had that day with Mr. Haney, president of the Kirkhill Rubber Company.

Q. What is depicted on it?

A. It is what we proposed, or what they pro-

(Testimony of Adolph G. Butler.)

posed that we do in order to coat our wire brushes with rubber.

Q. To make a solid or an unsolid rim?

A. A solid rim on our wire brushes.

Q. And what is the next document?

A. The next is the design of the die that we worked with.

Q. Were those sketches and drawings made about the date they bear? A. Yes, they were.

Mr. Mellin: I will offer these three documents in evidence, your Honor. [136]

The Court: They may be received as one exhibit.

Where is the date?

Mr. Mellin: Up on the left, your Honor, on that drawing.

The Court: I will take off my glasses to see whether it is 1946 or 1948.

Mr. Mellin: 1948, your Honor.

The Court: The date was a little smudged.

The Clerk: We have a blueprint here also, which is marked.

The Court: This precedes the blueprint.

The Clerk: No, your Honor. This was mentioned ten minutes ago.

Mr. Mellin: May I offer it now, your Honor?

The Court: All right.

The Clerk: A blueprint has been marked for identification. Did you offer it in evidence?

Mr. Mellin: We offer it in evidence.

The Court: It may be received.

(Testimony of Adolph G. Butler.)

The Clerk: Offered and received as Defendant's Exhibit K.

(The document referred to was marked Defendant's Exhibit K, and received in evidence.)

The Clerk: And three pages of drawing are marked for identification as Defendant's Exhibit L. Do you offer this in evidence? [137]

Mr. Mellin: I offer this in evidence.

The Clerk: In evidence, your Honor?

The Court: Yes, it may be received.

The Clerk: L in evidence.

(The documents referred to were marked Defendant's Exhibit L, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: That is all, your Honor.

The Court: All right. Any redirect?

* * * * *

Redirect Examination

Q. (By Mr. Wright): You have a screen now that screens all the hard substances and rocks out before they get into the rollers?

A. Yes, we do.

Q. That is correct? [138]

A. Yes, sir.

The Court: I am sorry, but I was asking the clerk to mark some pages here.

Q. (By Mr. Wright): You say that you have the materials screened out before it enters the rollers?

A. Yes.

(Testimony of Adolph G. Butler.)

Q. So you have no problem any more with rocks?

A. We have practically eliminated it, yes.

Q. When did you go to Mr. Earnshaw's house on that occasion that you saw the rollers?

A. It was some time in the early part of 1948. I don't remember the exact time, but it was right along about the time this other thing had taken place.

Q. And you saw his tires there put together as rollers, did you? A. I surely did.

Q. And they were deflated, that is, without tubes? A. That is correct.

Q. And you saw how they operated, did you?

A. Yes, I did.

Q. And throwing material through them?

A. Yes.

Q. Extruding material through them,—you saw that, didn't you? A. I did. [139]

Mr. Wright: That is all.

Mr. Mellin: No further questions, your Honor.

The Court: All right. Step down, Mr. Butler.

(Witness excused.)

The Court: Call your next witness.

Mr. Wright: That is all our evidence.

The Court: All right. Put on your witness.

* * * * *

The Court: Now, let us have an understanding. You adopt the testimony given by the two officers as a part of your case?

Mr. Mellin: Yes.

The Court: Then you may present any additional testimony you have.

Mr. Mellin: At this time I would like to offer in evidence the deposition of Mr. Earnshaw taken in this action, which has already been filed.

Is there any necessity of reading it, your Honor?

The Court: No. Unless there are any objections, I will [140] take it and read it between now and tomorrow's session.

Are there any objections to any questions, Mr. Wright? If so, we will need to read it.

* * * * *

Mr. Wright: I don't think there are any objections, your Honor.

The Court: I don't know whether there are. You will have to waive them in advance. Otherwise the questions and answers will be read.

Mr. Wright: I will waive them.

The Court: All right.

Mr. Mellin: May I have the deposition of Hugh F. Kennison taken in this case opened, your Honor?

The Court: The clerk is directed to open it. The deposition of Mr. Earnshaw will be received in evidence and marked as Defendant's Exhibit M.

The Clerk: That is Defendant's Exhibit M, the deposition of Spencer A. Earnshaw.

The Court: That may be received and transcribed in any record prepared in this case, and the court will read it before [141] the next session.

Mr. Mellin: Now, your Honor,—

The Court: Just a minute. You are going too fast. Whether I work here or in San Francisco,

where I haven't been for a long while, I like speed, but not too much speed, or we will lose track of things.

The Clerk: For the record again, your Honor, the deposition of Spencer A. Earnshaw is marked for identification and admitted in evidence as Defendant's Exhibit M.

(The document referred to was marked Defendant's Exhibit M, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: Now, I have a deposition taken in New Jersey of Mr. Hugh Foster Kennison in this case upon notice. Does your Honor want me to read it and offer the exhibits as it is read?

The Court: Yes, that will have to be read. This other one is offered merely as a contradiction. A deposition like that would have to be read, and the particular exhibits would have to be identified. You can put one of your associates on the witness stand and ask him the questions. It saves time. Then the exhibits, as we reach them, have to be——

Mr. Mellin: Renumbered, your Honor?

The Court: ——renumbered to conform to the continuity that we have given them in this case.

Mr. Mellin: Will you take the original? [142]

The Court: You can use N as a start, and mark them N-1, -2, and -3, and so forth, showing they are attached to the deposition, in that manner.

The Clerk: I can mark them now, your Honor, to save time, if they will give them to me.

The Court: Have you got them?

Mr. Mellin: I have them right here, your Honor.

The Court: They were not sent up with the deposition under seal.

Mr. Mellin: They are right here, your Honor.

The Court: All right.

Mr. Mellin: There are duplications, your Honor, the patent to Brend and the patent to Earnshaw, so they need not go in again.

The Clerk: The deposition of Kennison is marked for identification as Defendant's Exhibit N.

The Court: All right.

(The document referred to was marked Defendant's Exhibit N, for identification.)

[See Book of Exhibits.]

Mr. Mellin: This is the deposition of Hugh Foster Kennison:

DEPOSITION OF HUGH FOSTER KENNISON

"Q. Will you give your name in full, your residence address and your age?

"A. Hugh Foster Kennison, Avon Drive, Essex Fells, New Jersey, age 40. [143]

"Q. And what is generally your training; I mean, are you an engineer?

"A. Yes, I am a civil engineer, graduate of M.I.T. in 1939.

"Q. And what is your occupation?

"A. I am engineer for Lock Joint Pipe Company.

"Q. And what is their address?

"A. 150 Rutledge Avenue, East Orange, New Jersey.

(Deposition of Hugh Foster Kennison.)

“Q. And what is their business, generally?

“A. Their business is the manufacture of reinforced concrete pipe, which also includes pre-stressed pipe, mainly for water supply use.

“Q. Will you state whether or not during the past years you have manufactured any pipe by a process which includes the spraying of a cementitious material on a steel pipe?

“A. I presume you mean on a pipe with steel in it.

“Q. Yes.

“A. Yes, all of our pre-stressed pipe manufactured in certain sizes uses a sprayed-on mortar, cement mortar coating. This probably represents, in total, several thousand miles of pipe.

“Q. And then it becomes a sort of a steel core and a cement coating on the outside, or cement-mortar coating? “A. Yes. [144]

“Q. When did you first build a machine for spraying pipe of that character, if you know?

“A. In 1940 and approximately '41.

“Q. By the way, how long have you been with Lock Joint Pipe Company? “A. Since 1939.

“Q. At that time, or sometime thereafter, did Lock Joint Pipe Company manufacture a machine now known as the Brend Machine? “A. Yes.

“Q. I show you a drawing numbered B-1-413, dated January 23, 1942. Are you familiar with that drawing? “A. Yes.

“Q. And what does that drawing depict, just generally?

(Deposition of Hugh Foster Kennison.)

"A. This is a profile of the Brend type coating machine through the worm and brush housing assembly.

"Q. And I show you a second drawing numbered B-1-418, dated February 24, 1942. Do you recognize that drawing?

"A. Yes, this is the same machine, but a vertical view, and sectional view, of the brush assembly and brush mounting.

"Q. And where it says, 'Osborn Masterwheel Brushes 10" Dia., No. 152-25,' is that what you are terming the brush of the machine? [145]

"A. Yes.

"Q. Is that in one unit or is it made up of a number of brushes?

"A. It is made up of a number of brushes.

"Q. Arranged axially and bolted together?

"A. Yes.

"Q. And I show you a third drawing, labeled B-1-413A, dated May 14, 1943. What is that?

"A. This is a revision of the original drawing, B-1-413, with some minor technical revisions relating to wheel assembly, and so forth.

"Q. When was that machine built that was depicted on these drawings, to your knowledge?

"A. This machine was built just after these drawings were dated, and prior to the latter part of 1942.

"Q. And these drawings were made at the time, to your knowledge, the time that they were dated, or completed at that time? "A. Yes.

(Deposition of Hugh Foster Kennison.)

“Q. And you brought them here from the files of the Lock Joint Company, did you?

“A. Yes.

“Q. Now, I show you a copy of the Brend Patent, No. 2,380,499, which was heretofore identified in this [146] litigation as American Pipe Exhibit 2 to the Earnshaw deposition. Do you recognize the machine depicted in that patent?

“A. Yes.

“Q. And is or is not that the machine that is illustrated in the drawings to which you have just testified?

“A. Basically, it is the same machine.

“Q. Is there any substantial difference at all, except in dimensions of parts?

“A. There is a slight difference in the mounting, the drive of the brushes. In this patent it is pictured being driven by one motor. I believe in this machine, although it may not be shown——

“Q. You mean the machine in the drawings, B-1-413, B-1-418 and B-1-413A?

“A. Particularly the revised drawing, B-1-413A—the drive is a little different, but essentially the same, for the brushes.

“Q. The brush operation of spraying the pipe is the same or different?

“A. It is identical.

“Q. And those brushes, how were they made in the machine that you manufactured at the time?

“A. We purchased Osborn brushes. And this

(Deposition of Hugh Foster Kennison.)

number you [147] referred to is their manufacturing number.

“Q. That is that 152-25? “A. Yes.

“Q. And they are still wire brushes, are they?”

Mr. Mellin: By the way, your Honor, may that be corrected, with the consent of counsel, to “steel”?

The Court: All right.

Mr. MacDowell: (Continuing reading):

“A. Yes, pre-mounted in the hubs. And the picture illustrates the use of five brushes per roll.

“Q. Those were counter-rotating brushes, as shown in the patent that we have just mentioned, No. 2,380,499? “A. Yes.”

Mr. Mellin: At this time I will offer drawings B-1-413, B-1-418, and B-1-413A in evidence as American Pipe exhibits.

The Court: All right. Give them separate numbers, N-1, N-2, and so forth.

The Clerk: I have already numbered them, your Honor, in the sequence of the defendant's exhibits. I will give them to the reporter in a minute.

The Court: Have they been numbered for the record, Mr. Cunliffe?

The Clerk: I am numbering them according to the exhibit numbers here, your Honor.

The Court: Then state for the record what that is. [148]

The Clerk: A drawing, B-1-413, Defendant's Exhibit O; a drawing, B-1-418, Defendant's Exhibit P; a drawing, B-1-413A, Defendant's Exhibit Q.

(The documents referred to were marked

(Deposition of Hugh Foster Kennison.)

Defendant's Exhibits O, P and Q, and received in evidence.)

The Court: I will have to look at them later, because this case will not be completed tonight. I will look at them tomorrow, or between now and tomorrow morning, and if you will leave that Earnshaw deposition out so that I can look at that later, too.

All right, go ahead.

Mr. Mellin: The next offer, your Honor, is the Brend patent, which is already in evidence as Defendant's Exhibit B, I believe.

The Court: All right.

Mr. Mellin: (Continuing reading):

"Q. Would you state whether or not the wire brushes operated successfully to spray the concrete on pipe in the machines you built in late '42 and '43? "A. Yes.

"Q. And at that time did you try any brushes of any different construction, that time or later?

"A. At that time we tried different brushes of various wire brush manufacturers to get better life.

"Q. What do you mean by better life, Mr. Kennison? [149]

"A. Longer usage per dollar cost of brush. That is, we investigated some very high quality brushes, very expensive brushes, on the assumption that we would get more yardage through the machine before the brushes were worn out.

"Q. And at that time or thereafter did you try brushes of any other material, other than wire?

(Deposition of Hugh Foster Kennison.)

"A. At a later period we tried brushes of rubber.

"Q. And that was about when, as you recall?

"A. Early to the middle part of 1946.

"Q. Now, I show you what purports to be a drawing on the drawing paper of Lock Joint Pipe Company, which is dated 5-21-46, and ask you if you can identify it.

"A. Yes, this illustrates one of the rubber brushes that was used on the machines.

"Q. And that was used in lieu of the brushes illustrated on drawing B-1-418?

"A. Yes, this was a direct replacement on that machine.

"Q. And would you briefly describe the rubber brush shown in this drawing, which you have just identified, that is, the drawing dated 5-21-46?

"A. This was a steel drum in which a one inch thick rubber layer was placed around its periphery.

"Q. Was that vulcanized on or not? [150]

"A. Yes, it was vulcanized on by the Manhattan Rubber Company. And we grooved it, as shown, with a tire-grooving machine.

"Q. That was grooved longitudinally, as illustrated in this drawing? "A. Yes.

"Q. And do you know whether those brushes were actually made?

"A. They were actually made and were used."

Mr. Mellin: I will offer a photostatic copy of the drawing in evidence as American Pipe exhibit next in order.

(Deposition of Hugh Foster Kennison.)

The Clerk: Now marked as Defendant's Exhibit R.

The Court: All right. It may be received.

(The document referred to was marked Defendant's Exhibit R, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: (Continuing reading):

"Q. I notice this is a photostat of a drawing, rather than the original. Can you explain that?

"A. In the past few days we have tried to locate the original. Since it was not given a drawing number, those drawings have been kept in a miscellaneous file drawer as sketches. We were not able to locate the original.

"Q. I notice on here there is noted the notation, 'Attention W. L. White.' Do you recognize that printing? [151]

"A. Yes, this is my own handwriting. And this drawing was transmitted to Manhattan Rubber. Mr. W. L. White at that time was, and I believe still is, employed by Manhattan.

"Q. I hand you a carbon copy of a letter addressed to Manhattan Rubber Company, Passaic, New Jersey, attention W. L. White, dated May 21, 1946. What is that letter?

"A. This is a letter that I wrote transmitting the sketch.

"Q. Exhibit 5?"

And Exhibit 5, which is the drawing, is now——

The Clerk: Exhibit R.

Mr. Mellin: Exhibit R.

(Deposition of Hugh Foster Kennison.)

Mr. MacDowell: (Continuing reading):

“A. Exhibit 5. To the Manhattan Rubber Company. This is the basis of their work in putting the rubber covering on our steel drum, which we manufactured.

“Q. In other words, to fabricate the rollers shown in Exhibit 5,”—which is now Exhibit R here? “A. Yes.

“Q. And this carbon copy of the letter came out of your files? “A. Yes.”

Mr. Mellin: I will offer that in evidence as American Pipe’s exhibit next in order. [152]

The Clerk: Defendant’s Exhibit S.

(The document referred to was marked Defendant’s Exhibit S, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: (Continuing reading):

“Q. Did you give them an order at that time to manufacture it?

“A. Yes, we gave them an order, Order No. 2259. That is Lock Joint Pipe Company purchase order.

“Q. And you have with you a photograph of that order? “A. Yes.

“Q. Would you explain why it is a photograph rather than the original order?

“A. Several years ago all of our records were put on microfilm. This is a photograph from that microfilm record.

“Q. And the originals were destroyed, were they?

(Deposition of Hugh Foster Kennison.)

“A. Yes, the originals were destroyed.

“Q. And is that the order for them to produce the device shown in Exhibit 5,”—which is R here —“the rubber-covered drum that had grooves in it?

“A. Yes, it speaks of 2 steel tubes to be rubber coated 8” O.D. by 8” long.

“Q. Did you subsequently receive the original of the order that was sent to Manhattan? [153]

“A. Yes.

“Q. And is this the one that I have in my hand?

“A. Yes.

“Q. And that is the original of the order which was photographed, which you just produced?

“A. From our files, yes.

“Q. And you obtained that from Manhattan Rubber Company recently?

“A. Recently, just before they were going to destroy their order.”

Mr. Mellin: I will offer the original of that order, your Honor.

The Court: It may be received.

The Clerk: The original of that order is marked as Defendant’s Exhibit T.

Mr. Mellin: And I will also offer a photograph of the copy.

The Court: It may be received.

The Clerk: Exhibit U.

(The documents referred to were marked Defendant’s Exhibits T and U, and received in evidence.)

[See Book of Exhibits.]

(Deposition of Hugh Foster Kennison.)

Mr. Mellin: (Continuing reading):

“Q. I show you a document which states, ‘2 sleeves to cover metal cylinders,’ and ask you if that was likewise received from Manhattan Rubber Company? [154]

“A. Yes, we obtained it from Manhattan relative to the rubber brushes.

“Q. Relative to the same transactions that we have been referring to? “A. Yes.”

Mr. Mellin: I offer that document, your Honor, as the next in order.

The Court: It may be received.

The Clerk: Exhibit V.

(The document referred to was marked Defendant's Exhibit V, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: (Continuing reading):

“Q. Now, will you state whether or not those rubber-covered drums were or were not actually built about at the time that we are speaking of in '46?

“A. Yes, they were actually built, and they were returned to us, and we ran—or produced some pipe with those brushes on June 13 and 14 of 1946.

“Q. What became of the pipe, was it sold or destroyed, or stored?

“A. Some of the pipe may have been—the coating may have been removed; other pipe, that were satisfactory, were actually sold.

“Q. And those rubber brushes were installed on

(Deposition of Hugh Foster Kennison.)

a machine substantially the same as the machine shown in the Brend Patent, Exhibit 4?

“A. Yes, essentially the same, on a production machine. [155]

“Q. And they were substituted for the two wire brushes shown in Fig. 2 of that patent?

“A. Yes.

“Q. And for the same or a different function and purpose?

“A. For exactly the same purpose.

“Q. What results did you obtain from those brushes, the rubber-coated ones that you are speaking of?

“A. We ran a pre-measured amount of mortar through them, and accurately measured the wear on each brush. This information was recorded and plotted to produce a wear curve.

“Q. Do you have those with you?

“A. Yes.

“Q. Are these the documents that I hand you now?

“A. Yes, these are the originals, and there is a copy of them.

“Q. And who were they made by?

“A. The tests were made by myself.

“Q. And these are in your own handwriting?

“A. Yes.”

Mr. Mellin: I now offer the original of those notes in evidence as the next exhibit in order.

The Clerk: The notes are marked for identifica-

(Deposition of Hugh Foster Kennison.)

tion as W, and the graph as Exhibit X. Are you offering them in evidence? [156]

Mr. Mellin: Offering them in evidence.

The Clerk: Are they in evidence, your Honor?

The Court: They may be received.

(The documents referred to were marked Defendant's Exhibits W and X, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: (Continuing reading):

"Q. I hand you a letter on the letterhead of Raybestos-Manhattan, Inc., dated June 10, 1946, which says this, in part, 'We have shipped you under our Order 2i25-CNY under date of June 5 the rubber-covered steel drums which you sent us.' What does that refer to?

"A. This refers to the same rubber-covered drums we have been discussing and which were tested.

"Q. That is, the ones shown on Exhibit R, the sketch? "A. Yes.

"Q. And those are the ones you actually used in the machine? "A. Yes.

"Q. And what was the reason why you were testing rubber-coated drums in lieu of wire brushes, if there is a reason?

"A. We were always looking for more economical means of producing pipes, and it was felt that rubber [157] might have some advantage in this particular application."

Mr. Mellin: I offer the letter that was just

(Deposition of Hugh Foster Kennison.)

identified by the witness as our next in order in evidence.

The Clerk: All right. It may be received.

The Clerk: Exhibit Y in evidence.

(The document referred to was marked Defendant's Exhibit Y, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: (Continuing reading):

"Q. And this letter of June 10th we have just been referring to came out of the Lock Joint files?

"A. Yes.

"Q. After you tested the rubber-coated brushes, as shown in Exhibit 5,"—which is R here—"as you have testified, what, if anything, did you do further in connection with rubber-coated brushes?

"A. Well, the tests indicated that the brushes would be—or might be of advantage if we had greater allowance for depth of wear. These brushes we have just talked about only allowed for about 1/2" of radial wear. So later that year, we designed a new housing in which we could put in rubber vanes. This housing is illustrated on drawing B-1-567, dated 8-15-46.

"Q. That is the drawing we have in front of us?

"A. Yes.

"Q. Will you tell us more about that, please?

"A. As you can see from the drawing, we were allowed here about an inch and a quarter wear.

"Q. That is, radially?

"A. Radial wear. We obtained some material from Manhattan, sheets of rubber, 1/2" thick by 5"

(Deposition of Hugh Foster Kennison.)

wide, which we formed into the shape shown, the U-shaped vane.

“Q. And I hand you what appears to be a photograph of purchase order 3236. What is that?

“A. This is the purchase order for that flat strip of rubber $1\frac{1}{2}$ by 5, which we cut to special length and made the vanes similar to that illustrated on B-1-567.

“Q. And the reason that you have a photograph of the order is because you have destroyed the records, you previously testified?

“A. Yes, these are from our microfilm record.”

Mr. Mellin: That photograph is offered in evidence at this time, your Honor.

The Court: All right.

The Clerk: The photograph is marked in evidence as Exhibit Z, and the drawing is marked as Exhibit AA.

(The documents referred to were marked Defendant's Exhibits Z and AA, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: (Continuing reading):

“Q. Go ahead, Mr. Kennison.

“A. This rubber was used, but it had a very poor [159] fit in forming it into a U-shape.

“Q. That is, into the socket which held it?

“A. Into the socket of the hub assembly. Pipe were made with this mechanism, but we found that due to centrifugal force, one leg of the extended U would extend and the other would come in, due to

(Deposition of Hugh Foster Kennison.)

difference in weight of each of the arms of the U. As a result, this was redesigned. Drawing B-4-129, dated December 6, 1946, illustrates an extruded rubber shape for rubber vane coating brush. This was designed so that it could not be dislodged due to centrifugal force. And it was a pre-formed shape as opposed to our earlier attempt at rubber vanes.

"Q. Was that actually built?

"A. This was actually built and used.

"Q. And used on a Brend type of machine, of the type we have been discussing?

"A. Yes.

"Q. And did it operate satisfactorily, except for wear, if it did not operate satisfactorily for that purpose?

"A. It operated well enough to make several pipe. We did realize at that time, though, that again centrifugal force was stretching the rubber and we were getting some interference. At that time we discussed [160] putting reinforced wire mesh in this extruded shape. But this was never actually tried.

"Q. And approximately when were those brushes built and used, if you know, Mr. Kennison?

"A. They were designed in December of '46, and tests were conducted sometime after that date, but prior to March of 1947.

"Q. Now, I show you what appears to be a bill dated March 3, 1947, on the letterhead—or billhead of the Manhattan Rubber Manufacturing Division. Can you explain what that is for?

(Deposition of Hugh Foster Kennison.)

“A. Yes, this is the bill from Manhattan to Lock Joint for the cost of the die and the curing form to produce the section described in drawing B-4-129.”

Mr. Mellin: I offer that in evidence, your Honor.

The Court: It may be received.

The Clerk: Exhibit AB.

Mr. Mellin: I also offer the drawing B-1-567 and B-4-129.

The Clerk: AC and AD in evidence, your Honor.

The Court: All right.

(The documents referred to were marked Defendant's Exhibits AB, AC and AD, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: (Continuing reading):

“Q. What was your ultimate conclusion, if you [161] arrived at any, with respect to the use of rubber-coated drums of the types you have mentioned as compared with the wire brushes that you were using?

“A. We felt that the cost of brush per cubic yard of mortar placed was more or less the same. At the same time, we were negotiating with several of the larger wire brush manufacturers for improved quality and price reduction, due to our quantity use of the brushes. This negotiation with the wire brush people was successful, so we concluded our experiments on the presumption we could get cheaper placement of mortar by using steel brushes, as well as that we felt the brush

(Deposition of Hugh Foster Kennison.)

people could produce in the future cheaper and better brushes for this particular use.

“Q. Was there any difference in function of actually spraying the concrete on the pipe as between the rubber brushes that you referred to and steel brushes?

“A. No, they were more or less similar.

“Q. And one didn’t spray the material any better or any faster than the other; is that what I understand by that answer?

“A. Well, on some pipe we did notice that the rubber brush gave a slightly smoother coating. However, it had more rebound, that is, more mortar was thrown through the brushes, but did not land on the pipe, only on the floor. [162] This was wasted and was contributing to the high cost of rubber brush per mortar placed on a pipe.

“Q. Did you at any time have the experience, using the rubber brushes, of a piece of aggregate or larger piece of solid material going between the brushes?

“A. Yes, occasionally hardened pieces of mortar would get mixed in with the mortar and be discharged through the brushes. With the rubber brushes there was little clearance or flexibility and the rubber was chewed up, hunks of rubber removed from the brush.

“Q. Did you ever have that happen with wire brushes? “A. Yes.

“Q. What happens?

“A. The wire just parts, the material goes

(Deposition of Hugh Foster Kennison.)

through and the wire is not damaged—the wire brush is not damaged.

“Q. Now, ever since that time, that is, since 1946 or 1947 you have continuously used machines having brushes for this same function and purpose?

“A. Yes.

“Q. And, as I understand it, you have about 15 of them with counter-rotating brushes in operation at this time.

“A. More or less. [163]

“Q. And they all use wire brushes, do they, or brushes of some other character?

“A. They all use wire brushes. In the past few years, we have had a few with steel vanes, using a similar principle to that shown on drawing—

“Q. B-1-567?

“A. Yes, B-1-567. —excepting they are fixed steel fins, counter-rotating.

“Q. Do they work satisfactorily or not?

“A. They have been used on several jobs, but it is felt that the wire brush is more economical due to proper balance. The steel vanes have to be constantly kept in balance.

“Q. Now, I hand you two photographs, and would you tell us what they depict, please?

“A. These photographs were taken during 1942 and illustrate the first use of the Brend Coating Machine for coating pipe on a water pipe line contract. This contract was for the City of Hyattsville, Maryland. The pipe plant was erected in or near

(Deposition of Hugh Foster Kennison.)

Hyattsville. It is pre-stressed pipe, 30" diameter. It is recognized, and the job is of historical note, because it is the first pre-stressed pipe line built in this country.

"Q. And that machine depicted in those photographs is substantially the same, except in minor details, with [164] the Brend Patent, which we have been referring to?

"A. Almost identical."

Mr. Mellin: I offer those two photographs as the next exhibit, your Honor.

The Court: Just a minute. We might as well hold the rest until morning. Let me take a look at it?

Mr. Mellin: We have about a half a page to go.

The Court: All right. Then we will finish.

The Clerk: Those exhibits are already marked. They are Exhibits AC and AD in evidence. Those are the ones that I have already marked.

The Court: They may be received.

Mr. Mellin: (Continuing reading):

"Q. Are you familiar generally with the Earnshaw Patent, No. 2,168,329? "A. Yes.

"Q. And how did you become familiar with that, generally?

"A. The Lock Joint Pipe Company has an agreement with Earnshaw for the use of a machine employing a belt feed for placing mortar on a pipe.

"Q. And prior to August of 1956, did you ever build any such machine? "A. No.

(Deposition of Hugh Foster Kennison.)

“Q. That license agreement that you refer to, did [165] that call for payment of unit royalty, if you know?

“A. Yes, I believe there was an annual payment.

“Q. If you used the machine, did it call for a royalty of so much per square foot?

“A. Yes, so much per foot or square foot.

“Q. Did you ever make any machines on which you paid royalties to Earnshaw? “A. No.

“Q. And you only paid him this hundred dollars a month minimum that you referred to?

“A. Well, the minimum, whatever it was.”

Mr. Mellin: Now, the Earnshaw patent was offered next, your Honor, and that is already in evidence.

The Court: All right.

Mr. Mellin: And that concludes the deposition.

The Clerk: Now, for the record, your Honor——

The Court: Let's complete the record. That goes very much faster that way, Mr. Mellin, when you use another person instead of having the same person read the questions and answers.

You may step down.

The Clerk: All Defendant's Exhibits from M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC and AD have been identified and admitted in evidence.

The Court: All right. [166]

Mr. Mellin: I didn't count those, Mr. Clerk. Are there seventeen of them?

The Clerk: You removed some of them.

Mr. Mellin: I removed two. The original number was nineteen.

The Clerk: I will count them.

The Court: I think this is a good stopping point, gentlemen. We have made very good progress, and I will read the deposition of Mr. Earnshaw.

The Clerk: There is a drawing here, Mr. Mellin.

Mr. Mellin: That has not been marked. The trouble came on page 16, I think, of the deposition.

The Clerk: There is a drawing here that was not numbered.

Mr. Mellin: May I offer that, your Honor? That is drawing B-1-567. May I offer that as our next exhibit in order?

The Court: It may be received.

The Clerk: AE, identified and admitted in evidence.

(The document referred to was marked Defendant's Exhibit AE, and received in evidence.)

The Court: All right. Then, gentlemen, we will recess until 10:00 o'clock tomorrow morning.

(Whereupon at 4:42 o'clock p.m., Tuesday, March 26, 1957, an adjournment was taken until 10:00 o'clock a.m., Wednesday, March 27, 1957.) [167]

Wednesday, March 27, 1957. 10:00 A.M.

The Clerk: Case No. 20040-Y Civil, Spencer A. Earnshaw versus American Pipe and Construction Company. All parties present, your Honor.

The Court: Gentlemen, before we proceed I want the record to show that since yesterday I have read the deposition of Mr. Earnshaw, and it did not differ in many respects from what he testified to here, except counsel tried to pin him down to the meaning of the claims, and, of course, he not being an engineer, stated frankly what he thought he was going to accomplish.

I have also looked at the large drawings which were introduced in conjunction with the examination of Mr. Kennison, which I did not have a chance to do yesterday.

So now we will proceed from there.

Mr. Wright: At this time I want to offer in evidence, your Honor, an exhibit which was offered for identification, but which I apparently forgot to offer in evidence, Plaintiff's Exhibit 11. It was just an oversight on my part.

The Court: It may be received.

The Clerk: Plaintiff's Exhibit 11 now in evidence.

(The exhibit heretofore marked Plaintiff's Exhibit 11 was received in evidence.)

Mr. Mellin: Mr. Butler. [169]

ADOLPH G. BUTLER

called as a witness on behalf of the defendant, having been heretofore duly sworn, testified further as follows:

The Clerk: Adolph G. Butler, heretofore sworn, resumes testimony.

The Court: That lasts for the trial. You are sworn once, and it lasts for some times three months afterwards.

The Witness: This is a new experience for me.

Direct Examination

Q. (By Mr. Mellin): You are the A. Butler who previously testified in this case?

A. Yes, I am, sir.

Q. Now, at American Pipe and Construction Company, who was in charge of the design of the building of the Brend machines starting, as you say, in 1942?

A. I was in charge of most of the construction and designing.

Q. Did that continue right up through, and is still the same fact?

A. Yes, up until last year. Last year I was removed from direct control.

The Court: If you will lean back, Mr. Butler. Were you in the Army in the first World War?

The Witness: No, I was not. [170]

The Court: They used to have an expression there to make somebody feel at ease. They would say, "Lean back, take a deep breath, and say 'Ah.'" That relaxes you, so you do that now.

(Testimony of Adolph G. Butler.)

The Witness: Thank you.

The Court: All right.

Q. (By Mr. Mellin): Now, these machines, these Brend machines were built from drawings supplied you by Lock Joint, you testified?

A. They were.

Q. Is there any direct connection between Lock Joint and American Pipe and Construction Company?

A. Not a direct connection.

Q. You are competitors, as a matter of fact?

A. Yes.

Q. I show you these drawings, and ask you if these are the remainder of the drawings upon which those machines were built? Will you identify them by date and number?

A. By which?

Q. Identify them, first. Are those the drawings from which the Brend machines were built?

A. Yes, they are.

Q. Will you identify those drawings by date and number, Mr. Butler? [171]

A. Do you want the drawing number first, or the date first?

Q. It does not make any difference.

A. Drawing B-1-420, dated 3-16-42.

This other number has been smudged. Drawing B-1-4—it looks like—15. It is dated 2-4-42.

Drawing B-1-413, dated 1-23-42.

Drawing B-1-414, dated 1-27-42.

Drawing B-1-412, dated 1-23-42.

The Court: I didn't hear when you gave us the

(Testimony of Adolph G. Butler.)

date of those. As I understand it, the drawings and the blueprints usually carry a notation as to when they were made. Do those carry such?

The Witness: Yes, I am giving you the date, too.

The Court: What?

The Witness: I am giving you the date, too.

The Court: Oh, I didn't catch that.

Mr. Mellin: 1942, your Honor.

The Court: 1942. All right.

The Witness: I am giving—rather than the month, I am giving the number for the month.

The next drawing is B-1-416, dated 2-7-42.

Mr. Mellin: May I offer those drawings in evidence as one exhibit, your Honor?

The Court: All right. They may be received.

The Clerk: Defendant's Exhibit AF.

(The documents referred to were marked Defendant's Exhibit AF, and received in evidence.)

The Witness: There are two more drawings here. [173]

* * * * *

Q. (By Mr. Mellin): I show you an enlarged photograph, which is marked "A," for identification, Mr. Butler. Would you state what—

A. There are two drawings that were not listed there on that exhibit.

Q. Didn't you list them?

A. There were two that fell out.

(Testimony of Adolph G. Butler.)

Q. Will you list them, please? Would you identify those other two drawings, Mr. Butler?

A. Yes, I will. It is drawing B-2-715, dated 3-5-42, and drawing 4-2987-2, dated 2-11-43.

Mr. Mellin: May those two be included in the other exhibit? They are a part of it.

The Clerk: In Exhibit AF.

The Court: All right. They may be received.

The Clerk: Now in evidence.

Q. (By Mr. Mellin): Will you refer to the large photograph that I handed you, Mr. Butler, and will you tell us, please, whether that accurately depicts the Brend machine built by American Pipe in 1942 and right up to the present time, disregarding the material from which the brushes are made?

A. Yes, it does. Except for the shaft sizes and the power, it is the identical machine. [177]

Q. And would that be typical of all of the Brend machines built by American?

A. Yes, it is. In fact, we have to number it to tell the difference.

Q. Now, these brushes, the wire brushes that were used in these Brend machines and are still used in some of them, what is the character of the peripheral surface of those brushes?

A. The surface of the brushes is very resilient, and is able to deform when it comes in contact with the material, and return that energy to the material when it leaves the brushes.

Q. Will you explain that a little further, the reason for the resiliency?

(Testimony of Adolph G. Butler.)

A. The wires in the brush are virtually a spring, and can very easily be deformed, and as they deform they store the energy necessary to——

Q. Does that have a greater or a lesser degree of resiliency than the rubber brushes you are using?

A. It is difficult to tell the difference.

Mr. Mellin: I will offer the photograph identified as Exhibit A in evidence.

The Court: It may be received.

The Clerk: Exhibit A now in evidence.

(The exhibit heretofore marked Defendant's Exhibit A was received in evidence.) [178]

Q. (By Mr. Mellin): In the machine that American makes, the Brend machine, is there any movement in operation permitted between the shafts, or the brushes, or that the brushes may move apart, or together?

A. No, they are held rigidly in line.

Q. There is no shock absorber permitting the shafts to move at all?

A. Not at all.

Q. Are you familiar with the Brend patent that we have been referring to?

A. Yes, I am.

Q. I show you an enlargement of a drawing of that patent, which is Patent No. 2,380,499, Mr. Butler,——

A. Yes, sir.

Q. ——and I will hold it up for you, and I will ask you if the machine in Exhibit A, which is the Brend machine, has the hopper 75?

A. It surely does.

Q. Would you mark it with your pen? Do you have a pen?

(Testimony of Adolph G. Butler.)

The Clerk: A red pencil,—here you are.

The Witness: I have both.

Q. (By Mr. Mellin): “75”? A. Yes.

Q. And those two hoppers are for the same or a different purpose? [179]

A. The same purpose.

Q. Does it have a throat 61 leading from the hopper toward the brushes?

A. Do you want me to mark this drawing?

Q. We will mark the photograph. Does it have such a throat?

A. This is 61 (indicating).

Q. Would you mark the photograph with 61?

A. Yes, I will.

Q. Now, the photograph does not show it, but would you state whether or not there is in that throat a helical screw for feeding the material from the hopper to the brushes?

A. Yes, there is.

Q. Will you mark that, please? A. Yes.

Q. Now, does it have two shafts 12 and 13 for the brushes? A. Yes, it does.

Q. Will you mark that?

A. 12 is the lower?

Q. 12 is the upper shaft, and 13 is the lower.

(The witness marks the exhibit referred to.)

Q. And does it have two brushes 10 and 11?

A. Yes, it does.

Q. All right. Will you mark on the photograph 10 and 11? [180]

(Testimony of Adolph G. Butler.)

(The witness indicates on the exhibit referred to.)

Q. Now, do those brushes, the throat, the feed screw and the hopper operate the same in the Brend machine shown in the photograph, as in the patent here?

A. They operate exactly the same.

Q. Now, is there a means for driving the brushes in the Brend patent?

A. Yes, there is.

Q. That is the chain 38, and its related sprockets?

A. Yes, it is.

Q. And is there a means in the photograph for doing the same thing?

A. Yes, there is.

Q. And those are the belts that you have just marked?

A. The double V-belts, yes, sir.

Q. Is there any difference between using a belt and a chain?

A. Outside of the lesser wear on the belt than there is on the chain, no.

Q. Is there any difference in the operation of the elements which you have just referred to in the patent than there is in the machines which you built?

A. None whatsoever.

Q. In the patent the machine is mounted on a truck [181] for movement along rails. Is that true of the machine shown in the patent?

A. It surely is.

Q. And is the pipe rotated that is being

(Testimony of Adolph G. Butler.)

brushed by the use of the Brend machine by American as it is in the patent or not?

A. This is rotated—ours is rotated on spindles rather than on trunnions.

Q. Is the operation different?

A. The operation is exactly the same.

Mr. Mellin: Thank you.

The Clerk: Do you care to mark that, Mr. Mellin?

Mr. Mellin: I will offer it in evidence, your Honor.

The Court: It may be received.

The Clerk: Defendant's Exhibit AG.

Mr. Mellin: This is a photographic enlargement of the drawing of the Brend patent 2,380,499.

(The document referred to was marked Defendant's Exhibit AG, and received in evidence.)

Q. (By Mr. Mellin): Now, reference was made to the fact that the rubber rollers or rubber brushes in the Brend machines used by American are grooved or treaded. What is the significance of that grooving or treading, if any?

A. It simply gives a little bit more resilience, able to take care of a little more of the resilient [182] material, and reduces the wear possibly slightly.

Q. Did you ever try smooth rubber rollers?

A. Yes, we have.

Q. How do they operate?

(Testimony of Adolph G. Butler.)

A. They operate just as well, except a slightly greater amount of wear.

Q. Now, was it ever incumbent upon you to investigate the possibilities of using a belt machine, or converting a belt machine for plastering walls into a machine for coating pipe?

A. Yes, we spent considerable time on that.

Q. And what were your conclusions, Mr. Butler?

A. We concluded it was impractical because of the difficulty involved in the uniform feeding of material onto the belt.

Q. What do you mean by that? Will you explain that just briefly, a little more fully?

A. In order to coat the pipe properly, the feeding of the aggregate to the pipe has to be very uniform. The material, as it comes from the mixer, has inclusions of air and various other resultant particles in it to reduce those particles to a uniform mass and feed it uniformly on the belt is what caused the difficulty, and we finally abandoned the use of it.

Q. And you decided it was impractical, did you?

A. Impractical.

Q. And that is why one was never built?

A. Yes, sir.

Mr. Mellin: That is all.

The Court: Cross examine.

Mr. Wright: No cross examination.

The Court: All right. Step down, Mr. Butler.

(Witness excused.)

Mr. Mellin: Mr. Jenkins.

FRED F. JENKINS

called as a witness on behalf of the defendant, having been heretofore duly sworn, testified further as follows:

The Clerk: Mr. Fred F. Jenkins, heretofore sworn, is called to testify.

Direct Examination

Q. (By Mr. Mellin): You are the Fred Jenkins who previously testified in this litigation?

A. I am.

Q. Now, you heard Mr. Earnshaw testify as to a considerable number of conversations with a Mr. Jenkins. Are you that Mr. Jenkins?

A. No. I was in, I believe, three times. [184]

The Court: Well, who is he? Is he the Jenkins, regardless of the number?

The Witness: Oh, I see.

The Court: If there is another, it may be a brother.

The Witness: He did testify I was at one.

Q. (By Mr. Mellin): In one. But he referred to other conversations with another Mr. Jenkins. Are you that Mr. Jenkins? A. That is correct.

Q. You misunderstand me. He testified as to conferences relating to entering into this license agreement. Are you that Mr. H. H. Jenkins?

A. No, I am not.

Q. That Mr. Jenkins was your brother?

A. That is right.

Q. And he is now deceased?

A. That is right.

(Testimony of Fred F. Jenkins.)

Q. He also referred to conversations with a Mr. McAdam? A. That is right.

Q. And Mr. McAdam is likewise deceased?

A. That is right.

Q. Now, you were at Mr. Earnshaw's place of business or residence at one meeting, were you not?

A. That is right. [185]

Q. And why did you go there, Mr. Jenkins?

A. I went out to see a perpetual motion machine that he had that I was interested in.

Q. At his solicitation? A. That's right.

Q. And at that time did you see any tires arranged on a wall in any fashion with rubber rollers? A. I don't remember, no.

Q. Was Mr. Butler with you? A. He was.

Q. Do you know whether or not at that time at that meeting those tires were demonstrated to Mr. Butler?

A. Yes, I do, because on the way home he stated to us that he had seen——

Mr. Wright: I object to any conversation between Mr. Butler and this witness as hearsay.

Q. (By Mr. Mellin): Don't state the conversation. Did he tell you at that time that he had seen them? A. That's right.

Q. And do you know whether or not that was before or after American started to work with rubber? A. That was afterwards.

Q. Now, you were present at a conference with Mr. Earnshaw and one of his attorneys?

A. That is right. [186]

(Testimony of Fred F. Jenkins.)

Q. And what position did American take as to Mr. Earnshaw's demands at that time?

Mr. Wright: I object to that in that form. He can state what was said.

The Court: Yes, I think that calls for a conclusion.

Mr. Mellin: I was only trying to shorten it, but I will get at it another way.

Q. You state what was said, in substance.

A. His attorney wanted to know our position so far as Mr. Earnshaw's patent on the rubber rollers, and we took the stand that in our agreement it was excluded from the agreement, that it was a part or an improvement on the Brend machine, and not on the machine that we were licensed with Mr. Earnshaw.

Q. And did you ever change that position, as far as Mr. Earnshaw was concerned, Mr. Jenkins?

A. Not that I know of, no, sir.

Q. Did you ever have a subsequent conference with Mr. Earnshaw? A. I did.

The Court: Let's find out the date. Now you are talking about a conversation, and let's find out the date.

Q. (By Mr. Mellin): All right. When was this second conversation?

A. It was after his attorney was there. I can't place the date. [187]

The Court: You mean J. E. Simpson?

The Witness: That's right.

Q. (By Mr. Mellin): You had a conversation

(Testimony of Fred F. Jenkins.)

with Mr. Earnshaw, and where did that take place?

A. In my office.

Q. Was anything said about another demand by Mr. Earnshaw?

A. Yes. Mr. Earnshaw claimed that we owed him money, and Mr. R. V. Edwards come into my office, and at that time made the offer of \$50.00 a month for ten years as a nuisance value of getting this thing settled, so that we wouldn't have to go to court.

The Court: Let me interrupt there. Give me that letter from Simpson. Was that prior to the letter from Simpson? I think Simpson attempted to summarize the conversation, didn't he?

The Witness: That's right.

Mr. MacDowell: Mr. Clerk, I think that is Exhibit H.

The Clerk: I have it.

The Court: Now, the letter from Simpson is dated July 20, 1955. The conversation was prior to that time?

The Witness: No, this last conversation was after that, as I remember it.

The Court: All right. Go ahead. I merely wanted to relate the one to the other. [188]

Mr. Mellin: You may cross examine.

The Court: Now, on this, let me ask you this, so long as he is talking about it. This is addressed to Mr. Edwards?

The Witness: That is right. He is president of the company.

(Testimony of Fred F. Jenkins.)

The Court: Now, he states this:

“On behalf of Mr. Earnshaw I am hereby advising you that we now understand that it is American’s position that Earnshaw’s patent No. 2639943 is not included within the License Agreement between American and Earnshaw dated February 8, 1944; that American does not claim, assert or understand that the said patent No. 2639943 is an improvement upon the Earnshaw patent No. 2169329, the subject of the said License Agreement, and further that Mr. Earnshaw is now and at all times since the refusal of American to pay the costs of patenting the latter patent has been, free to license others to manufacture, use and sell apparatus coming within the metes and bounds of Earnshaw’s patent No. 2639943.”

Is that a correct summary of the position, so far as it was expressed, at the conference at which you were present?

The Witness: That is right.

The Court: All right.

The Witness: I believe there is a letter that Mr. Edwards answered this, and made that statement later. [189]

Mr. Mellin: That is all.

Mr. Wright: May I see that letter, Mr. Clerk, the other letter?

The Clerk: The letter from Mr. Edwards?

Mr. Wright: To Mr. Simpson.

(The document was handed to counsel.)

(Testimony of Fred F. Jenkins.)

Cross Examination

Q. (By Mr. Wright): Do you know the date that you went out there to look at the perpetual motion machine, Mr. Jenkins?

A. No, I don't. It was——

Q. Was your brother along, too?

A. He was.

Q. And Mr. Butler? A. That's right.

Q. You didn't have anything to do with the construction of this machine, what you call the Brend machine, out there, did you, at American?

A. Well, in a general way. At that time I was general superintendent for the company.

Q. You haven't any way of fixing the date when the rubber was first applied to the brushes or rollers there at American?

A. No, only from the drawings.

Mr. Wright: That is all. [190]

Mr. Mellin: That is all.

The Court: All right.

(Witness excused.)

Mr. Mellin: At this time, your Honor, I would like to offer in evidence a copy of a letter of August 9, 1956, from American to Earnshaw, giving formal notice of termination of the agreement at the expiration of the patent that was referred to.

The Court: All right.

Mr. Wright: That is patent '329.

Mr. Mellin: That is patent '329.

The Court: The patent as to which the agreement specifically refers?

Mr. Mellin: Yes.

The Court: Or I should say the patent to which the license explicitly refers?

Mr. Mellin: That is correct, yes, your Honor.

The Clerk: A letter from American Pipe to Earnshaw identified and admitted in evidence as Defendant's Exhibit AH.

(The document referred to was marked Defendant's Exhibit AH, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: And a carbon copy of a letter from J. Marion Wright, dated August 24, 1956, responding to it.

The Court: All right.

Mr. Mellin: And another letter from Mr. Wright subsequent [191] to that time, containing the same thing, dated August 27, 1956.

The Court: They may be received.

The Clerk: A letter dated August 24, 1956, J. Marion Wright to American Pipe, is marked and introduced in evidence as Defendant's Exhibit AI.

A letter dated August 27, 1956, J. Marion Wright to American Pipe, introduced in evidence and identified as Exhibit AJ.

(The documents referred to were marked Defendant's Exhibits AI and AJ, and received in evidence.)

[See Book of Exhibits.]

Mr. Mellin: At this time, your Honor, I would like to offer in evidence a book of prior art patents, and I am not going to insult the court's intelligence

by having somebody attempt to explain them to you.

The Court: Is that the list?

Mr. Mellin: That is the list.

The Court: These are the ones that you noticed?

Mr. Mellin: Some of them, your Honor, are those which are in that list of identification. May I read the numbers?

The Court: February 21, 1957 has a list.

Mr. Mellin: That is correct, your Honor.

The Court: Have you got any more?

Mr. Mellin: No, no additional ones. In fact, actually we didn't use all of those.

May I read the numbers and names into evidence, your Honor? [192]

The Court: Yes.

Mr. Mellin: Clow Patent 15,280, July 8, 1856.

Willoughby, No. 21,102, August 3, 1858.

Mr. Wright: Before they are numbered, I am going to object to them, your Honor, on the ground they are not relevant at this time, and on the ground they are immaterial on the ground of prior art, that we haven't gone into that yet.

The Court: Well, he is offering them.

Mr. Wright: Is he putting on his defense?

The Court: Certainly. We do not split the two. He is putting it on. That is what I said from the beginning. All this is directed both to his Answer and to the Counterclaim, and then you will have the last say.

Mr. Wright: That is all I wanted to know.

The Court: Yes, that is right. We don't repeat

it. We don't draw a line and close the evidence as to one and then start the other. You will have the rebuttal on your cause of action and Complaint, and then also anything additional you want to offer on his Counterclaim.

Mr. Mellin: I did not repeat anything with Mr. Jenkins and Mr. Butler that they testified to yesterday on that same subject.

The Court: No, that is right. I guess Mr. Wright just did not understand. All right, proceed. [193]

Mr. Mellin: Riedel, 250,976, December 13, 1881.

Brend, 2,368,742, and I reoffer the other Brend patent on the question of anticipation, your Honor.

The Court: All right.

Mr. Mellin: That is 2,380,499.

Barker, 2,451,603, October 19, 1948.

Hamill, 2,530,767, November 21, 1950.

Colburn, May 1, 1951, filed December 9, 1946, No. 2,550,781.

Rerick, — if your Honor please, that one I will withdraw because of its date.

Devlin, filed April 16, 1947, No. 2,567,699; and Wilson, July 15, 1952, No. 2,603,383.

I will offer those in evidence, your Honor.

The Court: All right. They may be received.

The Clerk: That has been identified as Defendant's Exhibit AK, and received in evidence.

(The documents referred to were marked Defendant's Exhibit AK, and received in evidence.)

[See Book of Exhibits.]

The Court: There is one that isn't in that list. You have eliminated some?

Mr. Mellin: That is correct, your Honor, I eliminated some.

The Court: All right.

Mr. Mellin: The defendant rests. [194]

The Court: Gentlemen, we will take a short recess, and then I will hear any additional testimony the plaintiff desires to present.

(A short recess.)

The Clerk: All parties present, your Honor.

Mr. Brown: Mr. Daugherty, will you take the stand?

ROBERT L. DAUGHERTY

called as a witness on behalf of the plaintiff in rebuttal, having been first duly sworn, was examined and testified as follows:

The Clerk: What is your full name, sir?

The Witness: Robert L. Daugherty, D-a-u-g-h-e-r-t-y.

Direct Examination

Q. (By Mr. Brown): State your occupation and residence, please.

A. My occupation at the present moment is, I am a member of the Air Pollution Hearing Board of the County of Los Angeles, but for the past 36 years until now I have been head of the Department of Mechanical Engineering at the California Institute of Technology. I am also a registered professional mechanical engineer in the State of California, No. 514.

(Testimony of Robert L. Daugherty.)

Q. Have you appeared as an expert in patent cases before? [195]

A. A number of times.

Q. Have you read, and do you understand the patents which have been issued to Mr. Earnshaw here, the plaintiff, numbered as to the last numbers '329, '943, '942 and '725, and marked as Exhibits 2, 5, 6 and 7? I will ask the clerk to show them to you.

A. Yes, I have read the Earnshaw patents to which you have referred.

Q. Will you please state what to you Exhibit 2 of Earnshaw discloses?

A. Exhibit 2 discloses a plastering machine, as it is named, in which the material is carried up to the point of application on a moving belt, and is then thrown off of the belt as the belt runs around a relatively small roller at the end.

Q. Now, referring to Exhibit 5, Plaintiff's Exhibit 5; will you please state what to you that patent discloses?

A. That patent shows a pair of rollers with the material going through the rollers, and then being thrown off from the rollers at relatively high velocity to impinge on any surface.

Q. How is the material fed to the rollers?

A. It is carried up to the rollers by means of a belt conveyor in one case, and I believe by a screw conveyor in one of the other views. [196]

Q. Now, what does the Earnshaw patent, Exhibit 6, No. '942, disclose?

(Testimony of Robert L. Daugherty.)

A. Exhibit 6, '942, shows a number of impellers that are in parallel position that throw off the material.

Q. And Exhibit 7, what does that disclose?

A. Exhibit 7 shows a belt drive and the impeller blades.

Q. For what?

A. For the purpose of carrying material and throwing it off onto some surface.

Mr. Brown: Now, the defendant has introduced into evidence an exhibit here by way of a book exhibit, and may the witness have the exhibit?

The Clerk: Defendant's Exhibit AK.

(The document was handed to the witness.)

Q. (By Mr. Brown): I will ask you to refer in that book to a patent that has already been introduced into evidence as Defendant's Exhibit B, the patent to Brend. That is No. 2,380,499, and preliminarily I will ask you to glance through that exhibit book, Exhibit AK, and state whether or not you have heretofore read, examined and understand the patents that appear in that exhibit?

A. I have.

Q. Very well. Now, as to the Brend patent, No. '499, the last numbers, will you please state what that patent [197] discloses to you?

A. This discloses a pair of rollers which are equipped with brushes, and the brushes are practically in contact with each other, and the material is fed into the rollers, and the brushes pick it up and throw it out on to some surface.

(Testimony of Robert L. Daugherty.)

Q. You say they are brushes?

A. That is what the patent states.

Q. Can you give me a definition of a brush?

A. Well, a brush would consist, as I say, of a number of, say, bristles or some substance of that character that is inserted into some supporting surface.

Q. Bristles of any material?

A. Any material could constitute a brush. It could be fibre, it could be wire, it could be almost anything, so long as they are small and relatively flexible material that supports them.

The Court: Suppose it was solid and achieved the same purpose of being able to wipe a surface. Suppose they were made like some of these new mops are made, or something of that order, or of rubber. Would you still consider it a brush?

The Witness: No.

The Court: In other words, the word "brush" is used as in the ordinary dictionary meaning, is it?

The Witness: That's right. It would mean a lot of separate [198] bristles of some material.

The Court: All right.

Q. (By Mr. Brown): Then in the exhibit before you the brush, whatever that exhibit is——

The Clerk: Exhibit I.

Q. (By Mr. Brown): Would you term that a brush? A. Yes, that is a brush.

Q. What about the other exhibit?

The Clerk: Exhibit J.

(Testimony of Robert L. Daugherty.)

Q. (By Mr. Brown): Would you term that a brush? A. No.

Q. Why not?

A. Because it doesn't have these separate flexible elements that are supported at one end, and with some supporting material.

Q. Now, referring to the exhibit book which you have before you, I believe the first patent that appears therein is a patent to Clow, No. 15,280. Is that correct? A. Yes.

Q. What does this patent disclose to you?

A. That shows a rotary pump for pumping some kind of a fluid. It could be a liquid, it could be theoretically a gas. But this is intended, I think, to pump a liquid.

Mr. Brown: Would the court care for the exhibits?

The Court: I beg pardon? [199]

Mr. Brown: Would you care for the exhibits, your Honor?

The Clerk: Exhibit AK.

The Court: That is all right. I can follow it.

Mr. Brown: Thank you.

The Court: I can follow it without looking at it.

Q. (By Mr. Brown): Now, how does this particular pump work, as disclosed in the patent?

A. I beg pardon?

Q. How does this particular pump work, as disclosed in the patent?

A. This pump shows two lobe-like members that are rotated in opposite directions, and they are en-

(Testimony of Robert L. Daugherty.)

closed within a case with some space left, so that at times the space is open to the suction side of the device, and then that is shielded off as this lobe-like element rotates, and the material in the confined space is carried around to the opposite side, where it is released into a discharge pipe, and in this case case here leakage from the discharge to the suction side is hindered, not altogether stopped, but hindered by relatively close contacts between the moving parts and the stationary frame within which it is mounted.

Q. And what is the function of the rubber on the members A, the cams or pistons?

A. Well, the purpose of the rubber is to effect a shield to prevent the leakage from the high pressure to the [200] low pressure side without having undue friction.

Q. In your opinion, would it be possible to substitute the two cams A, so termed in the patent of Clow, for the brushes of Brend, as shown in Figure 2 of the Brend patent, Exhibit B?

A. No, they have no similarity in function, in my opinion.

Q. In Brend which way is the material, the plaster or the final divided material directed?

A. The material passes between the two rollers.

Q. And is that true of the fluid in the patent to Clow?

A. Not at all. No fluid is supposed to pass between the two rollers, but on the opposite sides of the point of contact with each other. [201]

* * * * *

(Testimony of Robert L. Daugherty.)

The Court: All right.

Q. (By Mr. Brown): Now, take the patent to Barker, No. 2,451,603, and will you please comment upon the operation of this patent?

A. Barker '603 is another type of a rotary pump, where again we have two elliptical shaped lobes that make contact with each other, but the material is confined in spaces on the opposite sides from the points in contact, and is physically carried from one side to the other.

Q. And not straight through as taught in Brend?

A. No, not straight through at all. Between the two there is supposed to be no flow whatsoever between each other if the leakage were absolutely stopped, as it theoretically is supposed to teach.

The Court: In these devices the word has been introduced, I like it, and it is a good Latin expression "extrude." The object of all of these is to extrude liquid or semi-liquid substance, whether paint or cement, and to apply it to a surface; is that right?

The Witness: I think practically all of these rotary pumps are used for pumping liquids or gases. Primarily, in actual practice either oil or air.

As a matter of fact, the Patent Office informed me some time ago that something like two or three thousand patents had been granted on rotary pumps and compressors of this [203] general type, and very few of them have had any commercial success, because all such devices suffer from one or two

(Testimony of Robert L. Daugherty.)

evils, either they are so tight that they don't have much leakage, and, therefore, have excessive friction, or else the parts are loose fitting, so that they don't have much connected friction and have high leakage loss.

These two devices only differ from any of the others in that they have rubber to make contact, which tends to minimize the leakage without causing the excessive friction, and that is the purpose of all of those in evidence in this case.

The Court: All right.

Q. (By Mr. Brown): It prevents leakage, and is there for the purpose of preventing excessive friction, and that is the purpose of the rubber in these pump patents? A. Yes.

Q. Taking the next patent to Hamill, No. '767, will you please comment on this particular structure, Mr. Daugherty?

A. Well, Hamill shows a rotary pump, but unlike the other two, this is a gear-tooth type, where we have just a pair of gears with the teeth meshing with one another, and again the teeth, when they are enmeshed, are supposed to prevent leakage between the two, but again the material is carried down in the interspaces between the teeth along on the [204] opposite sides of the points of contact, and these teeth are shown here as being coated with rubber, for the purpose I have just previously mentioned, that it will enable them to make relatively close contact without at the same time introducing friction. In other words, the rubber, being some-

(Testimony of Robert L. Daugherty.)

what elastic, serves somewhat the same purpose in all these rotary devices where it is employed as do the piston rings in a piston in a reciprocating machine, such as in an automobile engine, and so on.

Q. Now, in your opinion, could you apply either the Hamill gear-tooth pump structure, or the Barker structure in either the Brend structure, Defendant's Exhibit B, or the Earnshaw structure in place of the parts of the rollers shown?

A. No, because any material that is the least bit abrasive would wear these parts out in such a short time that it would be absolutely impractical. These devices can be used only for clear liquids or clean air, and operate successfully as a rule only with something like oil, which acts as a lubricant.

Q. Do they function in the same manner as the process of the Earnshaw patent or the Brend patent?

A. No, not at all.

Q. It could not be used in either of those two cases?

A. Not at all. [205]

Q. Now, the patent to Colburn, '781, would you please state what this patent discloses?

A. This shows a device to feed concrete aggregate, and there we have a large rotating disc that has vertical cylindrical holes through it, and when those vertical cylindrical holes come opposite to an opening up above into a hopper, the concrete aggregate will drop down through that and pass into a space below, where a gear device here with teeth on it, made of rubber to minimize wear, will carry it out to some point of application.

(Testimony of Robert L. Daugherty.)

This is somewhat unlike the gear pumps we talked about, because it is merely to transfer some material and not to develop a pressure between one side and the other, so the leakage is not really a problem to any great extent.

This also shows, to effect a shield between this rotating disc and the stationary hopper above and the stationary plate below, there are rubber gaskets, I would call them, which will again afford somewhat of a shield without causing undue friction.

Q. How is the material fed by the gear at 12?

A. Well, the material drops from the hopper down into that purely by gravity, and then this gear pump forces it out in some way that isn't very clearly shown in the patent, but I assume it is fed out lengthwise.

Q. Could the structure of Colburn, so far as the gear is concerned, that is, the gear 12, be applied to either the [206] Brend or Earnshaw patents?

A. No, because it is just a method of feeding material at a fairly low velocity, and the other patents must impel the material at a very high velocity in order that it shall make contact on the surface and adhere properly.

Q. With relation to the velocity, would your statement be the same as to the patents that we have discussed, Clow, Hamill, Barker, as to low velocity?

A. Oh, yes, they are all low velocity devices.

Q. The same is true for Colburn?

(Testimony of Robert L. Daugherty.)

A. That is true.

Q. Now, take the patent to Rerick.

Mr. Mellin: That one we withdrew.

Mr. Brown: Oh, did you? It is in the book, though.

The Court: I think you had better pull it out of the exhibit. You had better pull it out if you are not relying on it.

Mr. Mellin: I thought I pulled it out, your Honor.

The Court: No, the copy you have lent me still has it.

Mr. Mellin: I will take it out.

The Court: Yes, you take it out.

Q. (By Mr. Brown): The patent to Devlin, No. 2,567,699, what does that patent disclose to you?

A. Well, that shows a variety of a rotary pump, practically a gear pump, although they are not real gear teeth, but it is the same principle. [207]

Q. Would your remarks with regard to this patent be the same as your remarks concerning Hamill and Clow? A. Just the same, yes.

The Court: What is the meaning on line 2? What is the meaning of that first sentence, especially the last part of it, where it says it deals with a pump for liquids of the gear type? Does that mean it has certain consistency, like the viscous——

The Witness: No, I don't think so. It means this is a gear type of pump, that it is a gear type of rotary pump, but the liquid could be any liquid.

(Testimony of Robert L. Daugherty.)

The Court: Oh, that relates to the pump and not to the liquid?

The Witness: Yes. It is not a very well constructed sentence, your Honor.

The Court: No. That is modified, and that relates to the pump?

The Witness: As a matter of fact, the liquid could theoretically be anything, but practically it is better if it is a lubricant, or something of that sort, that does not wear the material.

Q. (By Mr. Brown): And is the material acted upon in the Brend patent, No. '499, Exhibit B, and in Earnshaw, any one of the patents, an abrasive material? A. Oh, yes, it is. [208]

Q. Now, the patent to Wilson, No. 2,603,383, what does this patent disclose?

A. That shows a device for dispensing pellets. I believe those are supposed to be pills as used in the drug industry, and that shows a pair of rubber rollers in close contact with each other, but probably fairly soft rubber, so that the pellets will be fed from the container up above into some place down below.

The Court: Is there a bottle for them?

The Witness: It does not show where it goes, but I suppose it is to put them into a bottle of some kind or another, into pill bottles, and I would say this device is simply a feeder scheme, to feed the pills into some kind of a container, and it is made of rubber so that the pills will not be broken as they go through. But essentially it is a feeder

(Testimony of Robert L. Daugherty.)

device, and the pills drop down by gravity. Again it is a low speed device, so far as that is concerned.

Q. (By Mr. Brown): The purpose, is it not disclosed in the first paragraph of the patent in column 1? There is a description there?

A. Oh, I see. It has a different purpose from what I had assumed. I had interpreted the particular pellets in the patent as pills. You are right, but it is to distribute these pellets, whatever they may be, over some surface fairly uniformly, which is still what I said. [209]

The Court: Maybe they intend to put tar on a roof, and then shoot these in at various spots?

The Witness: I see now that it is still a feeding device, as I mentioned, to feed them over some material.

Q. (By Mr. Brown): Would the rollers as disclosed in this patent, as to 17 and 18, would they rotate at a high velocity for directing the material?

A. No.

Q. What is the function of the rollers, as disclosed in the patent?

A. Simply as a feeding device, to feed the pellets through.

Q. And then they drop by gravity?

A. Then they drop by gravity onto the surface.

Q. From the hopper?

A. Yes. The hopper is up above.

Mr. Brown: I see.

The Court: All of these have one thing in com-

(Testimony of Robert L. Daugherty.)

mon, and that is the rubber surface wheels, or whatever you call them,—

The Witness: Yes.

The Court: —that are used in achieving the purpose.

The Witness: They all have rubber coatings.

The Court: Rubber coatings.

The Witness: Either on the rollers or on the teeth of a gear. [210]

The Court: Or the teeth of a gear.

The Witness: Or on a lobe. In every case it is a rotating device with a rubber coating on it.

The Court: All right.

Q. (By Mr. Brown): Now, the patent to Riedel, No. 250,976, what does this patent disclose to you?

The Court: Which one is that?

Mr. Brown: Riedel, R-i-e-d-e-l, No. 250,976.

The Court: Where is this in the book?

The Witness: In the front of the book.

The Court: How?

The Witness: Near the front of the book. It is close to the front. It is a feed roll for seeding machines.

The Court: Oh, that is Riedel, R-i-e-d-e-l?

The Witness: Yes.

The Court: That would be pronounced Riedel.

The Witness: That is a device for a seeding machine. I would say it is very similar to the pellet machine we just mentioned, because it is to regulate the flow of seeds from some container or hopper up above, and they drop by gravity to the ground,

(Testimony of Robert L. Daugherty.)

so that again there is no question of imparting velocity, because the seeds drop by gravity. It is just a feeding device to separate the seeds.

Q. (By Mr. Brown): And so disclosed in the patent?
A. It is. [211]

The Court: Referring to a word that is used in Mr. Earnshaw's patent "resilient," wasn't that the word we were talking about yesterday?

Mr. Brown: Yes.

The Court: Now, then, a description of a resilient material would apply to the rubber covered wheels?

The Witness: Yes, your Honor.

The Court: In all cases?

The Witness: Yes, rubber is a resilient substance.

The Court: A resilient substance.

The Witness: Because it is elastic. They mean the same thing, "resilient" and "elastic." They are synonymous.

The Court: I just wanted to relate it to what we are talking about. All right.

Q. (By Mr. Brown): In Riedel, you have two rollers, do you?

A. There are two rollers, yes.

Q. And they are coated with rubber?

A. Yes.

The Court: How do they move? Counterclockwise?

The Witness: They rotate in opposite directions, so that at the point of contact the two surfaces are

(Testimony of Robert L. Daugherty.)

moving in the same direction, because they rotate in opposite directions.

Q. (By Mr. Brown): In Riedel are the seeds directed between the two rollers, or just how are they fed? [212]

A. They go between the two rollers, but there are fairly large grooves shown in these rollers, so that large seeds can be lodged there and not be crushed by the close contact of the rollers.

Q. The rollers are not separated at all?

A. No, they seem to be in contact, except for the grooves that leave rather large space for the seeds to lodge there.

Q. And the seeds stay in the grooves?

A. That is right.

Q. What is the character of the rubber surface on these rollers?

A. It has these grooves cut in it. I believe that the rubber also has little ridges in it as well.

Q. Now, there is a further Brend patent, No. 2,368,742. What does that patent disclose to you?

A. That patent shows a single rotating roller with brushes, and makes a contact with a stationary surface, so as the material is fed into it through this stationary surface, it simply passes it off the surface and throws it on this—in this case a pipe.

Q. Now, taking the brush exhibit with the bristles that is before you, would you consider that that is a resilient surface member?

A. No, I don't think it is a surface you could call resilient. The bristles of the brush can bend,

(Testimony of Robert L. Daugherty.)

but I would not [213] think of that from an engineering standpoint as being a resilient surface.

Q. But you would consider the other exhibit of rubber, as a resilient material?

A. Yes, the rubber is a resilient material.

Q. Now, all of these patents that you have just discussed——

Mr. Brown: I assume I have covered all of them?

Mr. Mellin: That is all.

Q. (By Mr. Brown): ——in your opinion, could they be utilized, the devices shown, in either the Brend device as disclosed in patent 2,380,499 in place of the bristles, or in the Earnshaw patent '943, Exhibit 5?

A. You mean all these rotary pump devices?

Q. Yes.

A. No, they could not be used in either one of these ways.

Q. And the reason?

A. The reason is that they are not adapted to handle abrasive material, fundamentally. The next is they do not discharge the material with a high enough velocity. The purpose is entirely different. It is to deliver material from a low pressure zone to a high pressure zone.

Q. And you would say that the function is different, then? [214]

A. The function is completely different.

Q. And the results obtained different?

A. Yes.

(Testimony of Robert L. Daugherty.)

Mr. Brown: Your witness.

The Court: Assuming that in the Brend patent, instead of the bristles being used, a rubber surface was employed; then there would be just the substitution of only one element?

The Witness: That is true.

The Court: And you would not achieve any different result; isn't that correct?

The Witness: No, you would not achieve a different result from the standpoint of applying the material.

The Court: In other words, if they use that, the patents—let's say of Brend and Earnshaw—would still perform functions which these could not perform?

The Witness: That's right.

The Court: All right.

Cross Examination

Q. (By Mr. Mellin): Now, Professor Daugherty, in the Colburn patent, that was for the conveyance of an abrasive cement aggregate; isn't that correct? A. Yes.

Q. And it has a rotating member 12, which is ribbed, [215] and which acts in the movement of this aggregate from one point to another; isn't that correct? A. That's right.

Q. Now, I call your attention to that patent at column 5, about line 37, where it says this, "The auxiliary rotor 12"—

(Testimony of Robert L. Daugherty.)

The Court: Let me see. Which one are you talking about?

Mr. Mellin: Colburn.

The Court: I thought I could follow it in my mind, but I think I had better find it so long as I have started. You say Colburn?

Mr. Mellin: Yes. It is C-o-l-b-u-r-n.

The Court: I know. It is toward the last part of the book.

The Witness: Which line did you say?

Mr. Mellin: It is about the fourth from the back of the book, your Honor. [216]

* * * * *

Q. (By Mr. Mellin): Now, will you look at Figure 3 of the drawing, which is on the second sheet, and compare that with Figure 2 of the first sheet, where there is a ribbed rubber roller, and it says this:—

The Court: What number is that?

Mr. Mellin: It is No. 12, your Honor.

The Court: It is what?

Mr. Mellin: The ribbed rubber roller is No. 12. In Figure 2 it is in the lower left-hand corner, and in Figure 3 it is in the longitudinal section near the bottom.

The Court: All right.

Q. (By Mr. Mellin): Now, in column 5, line 37, it says: "The auxiliary rotor 12 is formed as a rubber bushing which is stretched over the core 71, thus providing the feeding recesses 36 with wear resistant surfaces, and the casing duct 29 is pro-

(Testimony of Robert L. Daugherty.)

vided with a rubber liner 82, while the fitting 80 is also provided with a rubber liner 83."

Wouldn't you say from that, Professor Daugherty, that if you did not know it before, that rubber was a well known material for use in feeding aggregate if you wished to resist abrasion?

A. Yes, rubber will wear better in these cases than, say, metal will.

Q. Yes. In other words, for example, practically all [217] of your life you have known that rubber will resist abrasion in materials of this kind better than metal? A. Yes.

Q. Now, I have a definition by a court of the word "resilient," Professor Daugherty, and it says:

"'Resilient' means the capacity to rebound, and is derived from two Latin words 're-' and 'silire,' to leap."

Now, would you say as to the wire brush that is up in front of you, that those bristles, while they will bend to some degree, wouldn't you say that they would yield under the pressure while they are rotating with a piece of aggregate in it, and then rebound to their normal position?

A. Yes, that is true, but as an engineer I look upon "resilient" in a somewhat different light, but I realize that is not the same as a solid metal surface. There is some yield to it.

The Court: Resiliency, doesn't that apply to going up and down rather than going side ways, the way a brush would?

The Witness: That is the way I would take it.

(Testimony of Robert L. Daugherty.)

Q. (By Mr. Mellin): Well, don't these go radially inward and then rebound outwardly?

A. No, I don't think they go inwardly.

Q. Bend? I mean, they bend?

A. They bend side ways. [218]

Q. Well, they will bend circumferentially, won't they?

A. That is what I mean by side ways.

Q. I see. I was thinking of the opposite of that, of the perpendicular.

A. It can't just go radially inward. It has to deflect or bend.

Q. What has been your actual practical experience in spraying concrete on pipe in the fashion we have been discussing, Professor?

A. None whatever.

Mr. Mellin: That is all.

Mr. Brown: That is all.

* * * * *

The Court: Anything further, gentlemen?

Mr. Brown: No, your Honor.

Mr. Mellin: Nothing further, your Honor.

The Court: Then come back at 2:00 o'clock, and I will hear any argument you want to present. It is seven minutes to 12:00 now, and I have a lot of things to do.

(Whereupon at 11:53 o'clock a.m., an adjournment was taken until 2:00 o'clock p.m. of the same date.) [219]

Wednesday, March 27, 1957. 2:00 P.M.

The Clerk: Case No. 20040-Y, Spencer A. Earnshaw v. American Pipe and Construction Co., further court trial. All parties present, your Honor.

The Court: Now, sometimes, gentlemen, it happens when we have a recess counsel think of some additional facts they want to present.

Have all of the exhibits that have been identified been received, Mr. Cunliffe?

The Clerk: Yes, your Honor, everything is in evidence.

The Court: Then I will hear you, gentlemen, and as you are for the plaintiff, you have the opening and the closing.

(Opening argument on behalf of the plaintiff by Mr. Wright.)

(Argument on behalf of the defendant by Mr. Mellin.)

(Closing argument on behalf of the plaintiff by Mr. Brown.)

The Court: Then, gentlemen, the matter will be submitted. [220]

* * * * *

Los Angeles, California

Tuesday, May 21, 1957

9:30 A.M.

Appearances: For the Plaintiff: J. Marion Wright, Esq., 453 South Spring Street, Los Angeles 13, California. For the Defendant: Mellin, Hanscom & Hursh, By: Oscar A. Mellin, Esq., 391 Sutter Street, San Francisco 8, California.

The Clerk: Case No. 20040-Y, Spencer A. Earn-

shaw v. American Pipe and Construction Co., hearing on plaintiff's motion to modify findings. Mr. J. Marion Wright for the plaintiff, and Mr. Oscar Mellin for the defendant.

Mr. Wright: Ready for the plaintiff.

Mr. Mellin: Ready for the defendant. [224]

* * * * *

Mr. Wright. If the court please, this is a motion made by the plaintiff and counter-defendant, Spencer A. Earnshaw, to modify the findings of fact by striking out paragraph 14. [225]

* * * * *

Now, I submit this finding 14 is surplusage, it is not necessary to the case, it is not within the issues, and there is no evidence to sustain it, because no evidence was taken on that issue, it not being an infringement action, and no infringement was involved. [226]

* * * * *

The Court: However, I have no recollection of paying any particular attention to paragraph 14, and let me ask you this question: Aren't you rather apprehensive about this paragraph? Doesn't it merely mean that they have not used any of the teachings of the patent, and doesn't that refer to the evidence in the record, which is also reflected in the memorandum, that they in reality used an older patent, another patent to which they added these brushes, and that for that reason they paid him the minimum royalty, and no more.

Also, isn't there a paragraph, or, let me go to the memorandum on page 4, where I say:

“So the upshot of the matter is this: By his own contract the plaintiff has limited his right to ‘improvements’ on his own machine. His machine was never used by the defendants, they merely paying him the minimum royalty. The change in brushes was made not on his, but on the Brend machine, an ‘improvement,’ if it be [227] such, which was specifically excluded from the license agreement. The idea for the substitution of rubber came to the defendant from another source long before the disclosures made in the Earnshaw applications for patent. So the plaintiff is not entitled to royalties for the substitution of something which not only did not originate with him, but which was never applied to his device.”

Now, this paragraph 14 says:

“That Defendant, American Pipe and Construction Co., has not used in its operations any novel features brought to the art in any of Plaintiff’s three subsequent patent Nos. 2,639,942,” and so forth.

Mr. Wright: Yes, your Honor, but that is in effect in a way, as I still construe it, a statement that there had been no infringement of any of these three patents.

The Court: Oh, no.

Mr. Wright: That is the way it appears to me.

The Court: This is not as to infringement, “so as to entitle him to royalty under the same.” I think that really should go in there.

Mr. Wright: That is all right. [228]

* * * * *

The Court: Now, in this particular case only a claim of invalidity was used, but I do not think that this statement means anything except this: That they did not use any of the teachings of your improved patents, and for that reasons you were not entitled [229] to royalty upon any of the devices that they used.

Mr. Wright: Now, your Honor, when I approved the findings as to form on reading them, I did not see the import of this paragraph, that it was a statement that would perhaps be decisive on the question of infringement. But after having it called to my attention, also by someone else that Mr. Earnshaw went to, that it might bar an infringement action if anyone wanted to bring an infringement action, I felt it my duty to straighten this out, and I feel it is——

The Court: Let's hear from Mr. Mellin. I am quite certain that he does not want a judgment beyond what I gave him, and that he does not want to catch me or you in an embarrassing position of deciding something I did not intend to decide, and thereby bind your client. But let us see what he says.

Mr. Wright: May I say this, first. I filed an affidavit by the President of the American Pipe and Construction Co. stating that it was his information or his position that this settled the infringement. You will find it on page——

Mr. Mellin: If the court please,——

The Court: Just a minute.

Mr. Mellin: Pardon me.

Mr. Wright: —page 2, line 26 of that affidavit, so it is the position of the president, anyway, that that is settled by that finding, I suppose.

The Court: Just a minute. Let me look at it. [230]

Mr. Wright: This is from line 26 on, Lines 26, 27, 28 and 29 of page 2.

The Court: His statement that the infringement was raised does not dispose of the matter. Let's hear what Mr. Mellin has to say. [231]

* * * * *

The Court: Well, I merely decided you did not use in your operations any of the teachings of the patent, and for that reason they were not entitled to royalties.

Mr. Mellin: That is all that finding is, your Honor.

The Court: But I do not want to make this res judicata in any other lawsuit relating to any other matter.

In order to make it certain, I am going to put a comma after that, and put in the words, "that the defendant has not used any, and that for that reason it is not subject to [232] royalties under said patents."

I think I will put that in. Of course, that ties it to the other, but because it has opened an argument, I do not desire to go beyond that. I think the conclusions of law should be read together.

Let us agree upon the language. I think you are entitled to a finding that you did not use it. I think,

however, to avoid any question, although I think that paragraph 3 of the conclusions of law takes care of it, I think we ought to put a semicolon after "2,681.725," and add this:

"and is, therefore, not liable to plaintiff for royalties for such use."

Mr. Mellin: That is all right with me, your Honor.

Mr. Wright: What is the wording there, your Honor?

The Court: "and is, therefore, not liable to plaintiff for royalties for such use."

Is that satisfactory?

Mr. Wright: Well, yes, if we amend it that way, but the findings are complete without 14 being in there at all.

The Court: No, they are entitled to this, because they are entitled also to a finding that they did not use it. You see, I want to work both ways. I want to protect them as far as their judgment is concerned, and protect you, too, and I have said specifically in the memorandum that the improvements they used are not yours. [233]

You might go into another district and bring another suit. You know the system of going to another state even, or going to the Northern District, where Mr. Mellin resides, and this would not be *res judicata* on infringement, but it would be *res judicata* on use.

Mr. Wright: Then the wording is——

The Court: Just a moment. I will give it to you. I am going to give it to you, because I have said it specifically. I will change that period to a semicolon, and to avoid any question I will say that I am doing this on my own motion, under the rules, which entitle me on my own motion to modify findings where it is called to my attention that an error has been committed. Then it will read:

“and is, therefore, not liable to plaintiff for royalties for such use.” [234]

* * * * *

The Court: Then the motion to strike will be denied. The court, however, will on its own motion, and because it is convinced that paragraph 14 of the findings may be misinterpreted, modify it as indicated, and the reason I put it on my motion is because there may be a question as to whether this motion, except if originating from me, was made within time, and I do not want any technicalities to stand in the way.

Mr. Mellin: Thank you, your Honor.

The Court: All right. [235]

Certificate

I hereby certify that I am a duly appointed, qualified and acting official court reporter of the United States District Court for the Southern District of California.

I further certify that the foregoing is a true and correct transcript of the proceedings had in the above entitled cause on the date or dates specified

therein, and that said transcript is a true and correct transcription of my stenographic notes.

Dated at Los Angeles, California, this 10th day of June, A.M. 1957.

/s/ MARIE G. ZELLNER,
Official Reporter.

[Endorsed]: Filed June 14, 1957.

[Endorsed]: No. 15630. United States Court of Appeals for the Ninth Circuit. American Pipe And Construction Co., Appellant, vs. Spencer A. Earnshaw, Appellee. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Central Division.

Filed: July 18, 1957.

Docketed: July 18, 1957.

/s/ PAUL P. O'BRIEN,
Clerk of the United States Court of Appeals for the
Ninth Circuit.

In the United States Court of Appeals
For the Ninth Circuit

No. 15630

AMERICAN PIPE AND CONSTRUCTION CO.,
a corporation, Appellant,
vs.

SPENCER A. EARNSHAW, Appellee.

CONCISE STATEMENT OF POINTS UPON
WHICH APPELLANT INTENDS TO RELY
ON APPEAL

Comes Now, Appellant herein, American Pipe And Construction Co., a corporation, and makes the following concise statement of the points on which it intends to rely:

1. The District Court erred in failing to adjudge and decree that appellant, American Pipe And Construction Co., above named, committed no acts of infringement of any of the claims of appellee's patents Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725.

2. The District Court erred in failing to adjudge and decree that the "Brend" machine manufactured and used by appellant, American Pipe And Construction Co., did not come within the scope of any of the claims of appellee's Letters Patent Nos. 2,168,329, 2,639,942, 2,639,943 and 2,681,725.

3. The District Court erred in finding and con-

cluding that appellant, American Pipe And Construction Co., failed to sustain the burden of proving Letters Patent Nos. 2,639,942, 2,639,943 and 2,681,725 to be invalid.

4. The District Court erred in failing to adjudge and decree that appellee's Patent Nos. 2,639,942, 2,639,943 and 2,681,725 were invalid in law.

5. The District Court erred in dismissing the counter-claim and denying appellant, American Pipe And Construction Co., the relief prayed for therein.

Respectfully submitted,

AMERICAN PIPE AND CON-
STRUCTION CO., Appellant.

HILL, FARRER & BURRILL,
MELLIN, HANSCOM & HURSH,

/s/ By OSCAR A. MELLIN,

Its Attorneys.

Certificate of Service Attached.

[Endorsed]: Filed Aug. 8, 1957. Paul P. O'Brien,
Clerk.